

Regulatory Analysis Form

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INDEPENDENT REGULATORY
REVIEW COMMISSION

(1) Agency

Department of State, Bureau of Professional and
Occupational Affairs, State Board of Accountancy

(2) I.D. Number (Governor's Office Use)

16A-555

IRRC Number:

2096

(3) Short Title

Continuing Education Program Sponsors

(4) PA Code Cite

49 Pa. Code §§11.1, 11.4, 11.64,
11.65, 11.69.1, 11.70, 11.71,
11.71.1 and 11.72

(5) Agency Contacts & Telephone Numbers

Primary Contact: Steven Wennberg, Board Counsel
783-7200

Secondary Contact: Joyce McKeever, Deputy Chief
Counsel, 783-7200

(6) Type of Rulemaking (check one)

- ☒ Proposed Rulemaking
☐ Final Order Adopting Regulation
☐ Final Order, Proposed Rulemaking
Omitted

(7) Is a 120-Day Emergency Certification
Attached?

- ☒ No
☐ Yes: By the Attorney General
☐ Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

The regulations would (1) require all previously approved continuing education program sponsors to seek re-approval, effective January 1, 2001, and to obtain biennial renewal of approval beginning January 1, 2004; (2) strengthen procedures for initial program sponsor approval and withdrawal of approval; (3) enlarge the responsibilities of program sponsors to include program development; (4) provide for off-site reviews (audits) of continuing education programs; (5) grant deemed approval status to program sponsors registered with the National Association of State Boards of Accountancy; and (6) establish fees for initial program sponsor approval and biennial renewal of approval.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

Section 3(10) of the CPA Law, 63 P.S. §9.3(10), empowers the Board to promulgate regulations relating to continuing education including the qualifications of program sponsors. Section 6 of the CPA Law, 63 P.S. §9.6 empowers the Board to fix fees by regulation.

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

The regulations are not mandated by federal or state law, regulation or court order. However, the regulations are consistent with recommendations of the Legislative Budget and Finance Committee in its April 1993 Performance Audit of the Board. Copies of relevant excerpts from the LBFC's Performance Audit are attached as Exhibit 1.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The regulations are necessary to ensure that the continuing education programs offered to the Board's licensees are of the highest caliber.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The principal risk associated with nonregulation are that the Board's licensees may receive substandard continuing education.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

The regulations would directly benefit the Board's nearly 20,000 licensed certified public accountants and public accountants, who rely on continuing education to maintain and enhance their public accounting skills.

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(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

The regulations' strengthened program sponsor requirements may make it more difficult for some currently active program sponsors to qualify for re-approval under the Board's new approval format that takes effect on January 1, 2000. The Board cannot quantify the number of program sponsors that would be so affected, but believes their numbers are small. A less significant adverse impact of the regulations would be the removal from the ranks of approved program sponsors those firms, organizations and entities that currently do not offer continuing education programs to licensees. The Board estimates that the number of inactive or "lapsed" program sponsors is approximately 1,000, which represents about one-half of the previously approved program sponsors.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

All previously approved program sponsors, as well as prospective program sponsors, would be required to comply with the regulations. As of April 19, 1999, there have been 1,956 program sponsors approved since 1979.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

In developing the regulations, the Board solicited input from the Pennsylvania Institute of Certified Public Accountants and the Pennsylvania Society of Public Accountants, two major program sponsors whose membership comprise significant percentages of the Board's licensees. The Board also published a notice in the Pennsylvania Bulletin soliciting input from other previously approved program sponsors as well as prospective program sponsors. Copies of preliminary comments are attached as Exhibit 2.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

Program sponsors would be required to pay initial approval fees of \$145 and biennial renewal of approval fees of \$120. The Board cannot estimate other costs associated with compliance, such as the submission of more detailed documentation of course outlines, instructor qualifications, etc.; the Board believes, however, that these costs would not be significant.

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(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

The regulations would not result in costs or savings to local government.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The regulations would not result in costs or savings to state government.

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY	FY +1	FY +2	FY +3	FY +4	FY +5
SAVINGS:	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
Regulated						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated	\$N/A	\$145,000	\$N/A	\$N/A	\$120,000	\$N/A
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A	\$N/A
Regulated						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

The Board estimates that approximately 1,000 program sponsors would pay the \$145 fee for initial approval in Fiscal Year 2000-01 , and that approximately 1,000 program sponsors would pay the \$120 fee for biennial renewal of approval during Fiscal Year 2003-04. The biennial renewal cycle would begin January 1 of each even-numbered year, starting with January 1, 2004.

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(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Accountancy	\$534,305.83	\$579,731.92	\$652,167.04 (est.)	\$682,000 (est)

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The regulations would benefit licensees by helping to ensure that course offerings of continuing education program sponsors are of the highest caliber. The importance of this benefit outweighs the \$\$120-145 biennial cost to each program sponsor.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

A nonregulatory alternative was not available to the Board. The CPA Law mandates that continuing education requirements be codified by regulation.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Because the regulation only amends an existing regulatory scheme, the Board did not consider an alternative regulatory scheme.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

There are no federal standards applicable to continuing education program sponsors.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

Based on the findings of the LBFC's Performance Audit, the Board believes that the regulations compare favorably with the program sponsor regulations of neighboring states. The regulations would not put Pennsylvania program sponsors at a competitive disadvantage with program sponsors in other states because the regulations apply equally to in-state providers and out-of-state providers. Moreover, Pennsylvania's large population of licensed certified public accountants and public accountants provides a strong incentive for active program sponsors to continue operating in Pennsylvania, even in the face of new fees and stricter monitoring.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations

The regulations would not affect other existing or proposed regulations of the Board or of any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Board will consider comments from the public at its regularly scheduled meetings at 116-124 Pine Street in Harrisburg. The Board meets every month except February and March. The meeting dates are posted on the Internet and are also available by calling the Board's administrative office at (717) 783-1404.

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The regulations would require selected program sponsors to submit to in-depth off-site reviews (audits) of their continuing education programs.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The regulations would grant deemed approval status to program sponsors that are members in good standing of the National Association of State Boards of Accountancy's National Registry of Continuing Professional Education Sponsors. NASBA-registered program sponsors are subject to strict approval requirements, including on-site observation of course offerings. There are currently about 35 NASBA-registered program sponsors in Pennsylvania.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulations would take effect upon final publication in the Pennsylvania Bulletin. Program sponsors, including those previously approved, would have to meet new approval requirements in order to offer continuing education programs after December 31, 2000.

(31) Provide the schedule for continual review of the regulation.

The Board intends to conduct an annual review of the regulations to evaluate their continued effectiveness.

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FOR FILING DOCUMENTS
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BY: *Christopher L. Caper*
(DEPUTY ATTORNEY GENERAL)

State Board of Accountancy
(AGENCY)

Greg E. Dunlap

JAN 28 2000

DOCUMENT/FISCAL NOTE NO. 16A-555

DATE OF APPROVAL

DATE OF ADOPTION: _____

1/14/00
DATE OF APPROVAL

BY: *Thomas J. Baumgartner*
Thomas J. Baumgartner, CPA

(Deputy General Counsel
(Chief Counsel,
Independent Agency
(Strike inapplicable
title)

TITLE: Chairman
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

[] Check if applicable
Copy not approved.
Objections attached.

[] Check if
applicable. No Attorney
General approval or
objection within 30 day
after submission.

NOTICE OF PROPOSED RULEMAKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF ACCOUNTANCY
49 PA. CODE, CHAPTER 11

CONTINUING EDUCATION PROGRAM SPONSORS

The State Board of Accountancy proposes to amend 49 Pa. Code, Chapter 11, as set forth in Annex A, by revising §§11.1, 11.4, 11.64, 11.65, 11.71 and 11.72; by adding §§11.69.1 and 11.71.1, and by deleting §11.70.

Background and Overview

The Board's proposal would revise the current regulatory scheme for approving sponsors of continuing education programs for certified public accountants and public accountants. Since the adoption of the current program sponsor regulations in 1979, the Board has granted approval to approximately 2,000 program sponsors. However, the Board has been unable to effectively monitor program sponsors' compliance with continuing education requirements, in part because of budgetary and staffing constraints and in part because of deficiencies in the program sponsor regulations themselves. These problems were identified in the April 1993 Legislative Budget and Finance Committee's Performance Audit of the Board's operations, which included a recommendation that the Board initiate improvements in the way it regulates program sponsors.

Because the Board lacks complete, up-to-date information about the educational offerings of its program sponsors, the amendments would require all previously approved program sponsors to apply for and obtain re-approval in order to maintain their eligibility to offer continuing education programs after December 31, 2000, and to biennially renew their approval thereafter. The amendments also would strengthen the procedures for initial program sponsor approval and withdrawal of approval; make program sponsors responsible for the development of continuing education programs as well as their presentation; provide for comprehensive off-site reviews (audits) of selected program sponsors to ensure compliance with continuing education standards; establish fees for initial program sponsor approval and renewal of approval; and exempt program sponsors registered with the National Association of State Boards of Accountancy from having to meet approval requirements.

Description of Amendments

§11.1 (Definitions)

Section 11.1 defines "program developer" as "[a] party who has assumed the responsibility for compilation of material to be presented in a continuing education program and for the instructional design of the program," and "program sponsor" as "[a] party who has assumed responsibility for presenting continuing education programs. The term designates a party who is not necessarily a program developer." Because the Board's proposal would make the program sponsor responsible for developing as well as presenting a continuing education program, the amendments would delete the definition of program developer and the second sentence of the definition of

program sponsor.

§11.4 (Fees)

Section 11.4 lists the schedule of fees charged by the Board. There are currently no fees charged to program sponsors. The amendments would add fees of \$145.00 for initial program sponsor approval and \$120.00 for biennial renewal of program sponsor approval. The fees would defray the costs incurred by Board in reviewing and processing applications for approval and renewal of approval and in performing off-site reviews of continuing education programs of selected program sponsors to ensure continued compliance with the Board's regulations. The assessment of fees relating to the approval of program sponsors was a recommendation of LBFC's Performance Audit.

§11.64 (Sources of continuing education credit)

Section 11.64 sets forth the various sources of continuing education credit (e.g., national accounting organizations, colleges, universities, in-house programs) for licensees. The amendments would make clear that, effective January 1, 2001, continuing education credit will be awarded only for those program sponsors that are approved under the new §11.69.1 (relating to approval of program sponsors).

§11.65 (Criteria for continuing education programs)

Section 11.65(a) prescribes the general criteria for continuing education programs. Section 11.65(b) sets forth the current procedures by which the Board approves program sponsors, while Section 11.65(c) provides for biennial renewal of program sponsor approval. The amendments would revise and relocate the procedures for program sponsor approval and renewal of approval to §11.69.1.

§11.69.1 (Approval of program sponsors)

Section 11.69.1 would establish revised procedures for Board approval of program sponsors. Subsection (a) would require parties desiring to offer continuing education programs after December 31, 2000, to comply with this section; the approval of the approximately 2,000 Board-approved program sponsors would expire December 31, 2000. The Board estimates that at least one-half of the approved programs sponsors are no longer offering continuing education programs to licensees and, therefore, would not seek re-approval.

In accordance with a recommendation of the LBFC's Performance Audit, subsection (b) would exempt from the approval process those program sponsors that are members of the NASBA's

National Registry of Continuing Professional Education Sponsors. NASBA-registered program sponsors, which would be accorded deemed approved status by the Board, are already subject to strict approval requirements, including on-site reviews, in order to be eligible for NASBA-registration. There are currently about 35 NASBA-registered program sponsors in Pennsylvania.

Subsection (c) would require applications for program sponsor approval to include detailed information including titles, subject matter, and credit hours of programs offered; names, titles, and degrees of instructors; dates, locations and schedules of programs; program outlines and objectives; instruction and evaluation methods; admission requirements; and attendance certification methods. This information would enable the Board to make more informed assessments of the qualifications and credentials of prospective program sponsors. The Board anticipates that those currently approved program sponsors that apply for re-approval will have the required information readily available (much of it being updated versions of materials submitted to the Board at the time of original approval); as a consequence, currently approved program sponsors should not experience delays in having their applications for re-approval timely processed by the Board.

Subsection (d) would require statements made on applications for approval to be true and correct to the best of the applicants' knowledge.

Subsection (e) would require applications for approval to be reviewed by the Board's Continuing Education Committee, which would make recommendations to the Board for approval or disapproval. The Board would provide disapproved applicants with written notification of the reasons for disapproval; disapproved applicants could submit revised applications that address the Board's concerns. Individual Board members would not be permitted to review or vote on applications in which they have vested interests. These procedures would help to ensure that the Board's decisions on applications are thorough, fair and consistent.

Subsection (f) would provide for program sponsor approval numbers to be issued to approved program sponsors.

Subsection (g) would require program sponsors, excepting those registered with NASBA, to renew their approval by January 1 of each even-numbered year, beginning with January 1, 2004. The biennial approval period would coincide with licensees' continuing education reporting period (i.e., January 1 of an even-numbered year through December 31 of an odd-numbered year). Consistent with a recommendation of the LBFC's Performance Audit, program sponsors would have to include on their biennial renewal applications a listing of all current and planned program

offerings, in order that the Board may verify the relevancy of program subject matter to the public accounting profession. However, as with the biennial renewal of licenses of certified public accountants and public accountants, the biennial renewal of approval of program sponsors is not intended to be a fresh evaluation of the program sponsors' qualifications and credentials.

§11.70 (Responsibilities of program developers)

Section 11.70 sets forth the responsibilities of program developers in the areas of competency to engage in program development; determination of the level of program difficulty; recommendations for education and experience prerequisites; and periodic updating of program materials. Program developers are not subject to Board approval under the current regulations. The amendments would relocate the contents of this section to §11.71 (relating to responsibilities of program sponsors).

§11.71 (Responsibilities of program sponsors)

Section 11.71 prescribes the responsibilities of program sponsors in the areas of disclosures to prospective participants, selection and evaluation of instructors, limitations on program enrollments, adequacy of facilities, program evaluation, retention of records, certificates of completion, and promotional materials. The amendments would add to the responsibilities of program sponsors those responsibilities currently applicable to program developers under §11.70. Program developers are not subject to Board approval under the current regulations. The Board believes that it would be able to more effectively regulate the quality of continuing education programs if program sponsors were accountable for both the development and presentation of continuing education programs. The amendments would not prevent program sponsors that lack expertise in program development from contracting with other parties for assistance in complying with program development requirements.

§11.71.1 (Off-site reviews of program sponsors)

Section 11.71.1 would make program sponsors subject to off-site reviews of their continuing education programs to ensure compliance with Board regulations. The reviews would involve in-depth audits of the program materials, documents and records of selected program sponsors. The Board anticipates that about 20% of approved program sponsors would be subject to off-site reviews during each approval period.

This new section would give the Board more authority to monitor the quality of continuing education programs than is permitted under current regulations, and would provide a level of scrutiny that is not feasible under the initial approval and biennial renewal of approval procedures.

§11.72 (Program sponsor's failure to comply with continuing education requirements)

Section 11.72 provides that the Board may suspend the approval of program sponsors for noncompliance with the requirements of §§11.65 and 11.71. The amendments would enlarge the Board's authority in this area by specifying the following grounds for withdrawal of program sponsor approval: acquiring the Board's approval by misrepresentation; failing to comply with the requirements of §§11.65, 11.69.1 or 11.71; refusing to provide information requested by the Board pursuant to an off-site review; and holding out as an approved program sponsor prior to being issued a program sponsor approval number. The amendments also would provide that proceedings to withdraw program sponsor approval must be taken subject to the notice and hearing requirements of the Administrative Agency Law, 2 C.S. §§501-508.

Statutory Authority

Section 3(10) of the CPA Law empowers the Board to promulgate regulations relating to continuing education, including the qualifications of program sponsors. Section 6 of the CPA Law, 63 P.S. §9.6, empowers the Board to fix fees by regulation.

Fiscal Impact and Paperwork Requirements

The amendments would require program sponsors, effective January 1, 2001, to pay fees of \$145.00 for initial approval and \$120.00 for biennial renewal of approval. The Board estimates that about 1,000 currently approved program sponsors may seek to become approved under the Board's new regulatory format. The amendments would require the Board to incur costs in conducting on-site and off-site reviews of selected program sponsors; these costs would be defrayed by the fees for initial approval and biennial renewal of approval. The amendments would not have a fiscal impact on the Commonwealth's other agencies or its political subdivisions.

The amendments would require program sponsors, particularly those selected for off-site reviews, to provide detailed documentation to the Board regarding their continuing education programs. The amendments would require the Board to revise the forms that it currently uses for program sponsor approval. The amendments would not create new paperwork requirements for the Commonwealth's other agencies, the Commonwealth's political subdivisions, or other segments of the private sector.

Compliance with Executive Order 1996-1

In accordance with Executive Order 1996-1 (relating to regulatory review and promulgation), the Board, in developing the amendments, solicited comments from the Pennsylvania Institute of Certified Public Accountants and the Pennsylvania Society of Public Accountants, the major professional associations representing the public accounting profession in the Commonwealth and two of its largest continuing education sponsors. The Board also published a notice in the Pennsylvania Bulletin seeking comments from other currently approved program sponsors as well as prospective program sponsors.

Regulatory Review

On February 7, 2000, as required by Section 5(a) of the Regulatory Review Act, 71 P.S. §745.5(a), the Board submitted copies of this notice of proposed rulemaking to the Independent Regulatory Review Commission, the Senate Standing Committee on Consumer Protection and Professional Licensure, and the House Standing Committee on Professional Licensure. The Board also provided the IRRC and the Committees with copies of a regulatory analysis form and a fee report form prepared in compliance with Executive Order 1996-1. Copies of these forms are available to the public upon request.

If the IRRC has objections to any portion of the amendments, it will notify the Board within 10 days following the close of the Committees' review period, specifying the regulatory review criteria that have not been met. The Regulatory Review Act sets forth procedures that permit the IRRC, the General Assembly and the Governor to review any objections prior to final adoption of the amendments.

Public Comment

The Board invites interested persons to submit written comments, suggestions, or objections regarding the amendments to Steven Wennberg, Esq., Counsel, State Board of Accountancy, P. O. Box 2649, Harrisburg, PA 17105-2649 within 30 days following publication of this notice of proposed rulemaking in the Pennsylvania Bulletin.

ANNEX A

**TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS
PART I. DEPARTMENT OF STATE
Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS
CHAPTER 11. STATE BOARD OF ACCOUNTANCY**

GENERAL PROVISIONS

§11.1. Definitions.

...

[Program developer--A party who has assumed the responsibility for the compilation of material to be presented in a continuing education program and for the instructional design of the program.]

Program sponsor--A party who has assumed the responsibility for presenting continuing education programs. [The term designates a party who is not necessarily a program developer.]

* * *

§11.4. Fees.

(a) Following is the schedule of fees charged by the Board:

...

Initial application for program sponsor.....\$ 145.00

Biennial renewal for program sponsor.....\$ 120.00

* * *

CONTINUING PROFESSIONAL EDUCATION

* * *

§11.64. Sources of continuing education credit.

The following continuing education programs will be given 1 credit hour of continuing education credit for each 50-minutes of participation if they are in the subject areas in §11.63 (relating to continuing education subject areas) and, beginning May 1, 2000, they are offered by approved program sponsors under §11.69.1 (relating to approval of program sponsors).

* * *

§11.65. Criteria for continuing education programs.

[(a)] In order to qualify as a continuing education program, a program shall:

- (1) Be a program of learning which contributes directly to the maintenance of professional competence of a certified public accountant or public accountant.
- (2) Be at least 1 credit hour[, 50-minute period,] in length.
- (3) Be conducted by a qualified instructor or discussion leader.
- (4) Offer subject matter enumerated in §11.63 (relating to continuing education subject matter).

[(b)] A continuing education program may receive prior approval as a continuing education and be assigned a designated number of continuing education credits by the Board if the program sponsor provides, in writing and on a form provided by the Board, information required by the Board to document the elements of subsection (a) and, in addition thereto, avers that it will:

- (1) Maintain and retain accurate records of attendance for a 5-year period.
- (2) Retain a written outline for course materials for a 5-year period.
- (3) Comply with the requirements of §11.71 (relating to responsibilities of program sponsors).

(c) Prior approval for a continuing education program and the continuing education credit shall be renewed biennially and at such other times as the program is to be substantially altered.

Applications for pre-approval of continuing education programs shall be submitted by the program sponsor at least 30 days prior to the date the continuing education program is to be offered.]

* * *

§11.69.1. Approval of program sponsor.

(a) Initial approval. Except as provided in subsection (b), any individual or entity desiring to offer a program for continuing education credit under this chapter shall apply to the Board for approval as a program sponsor. The approval of previously approved program sponsors will expire December 31, 2000; previously approved program sponsors desiring to offer continuing education programs after December 31, 2000 shall comply with this section.

(b) Exemption from approval. Any individual or entity that is a member in good standing of the National Association of State Boards of Accountancy's National Registry of Continuing Professional Education Sponsors is deemed an approved program sponsor and is not required to submit an application for approval to the Board.

(c) Contents of application for initial approval. An application for approval shall contain the following information:

- (1) Name and address of the sponsor.
- (2) Title and source of continuing education credit as specified in §11.64 (relating to sources of continuing education credit).
- (3) Dates and location of programs.
- (4) Faculty names, titles and degrees.
- (5) Program schedules (i.e., title of subject, lecturer, time allotted, excluding breaks and lunches).
- (6) Total number of credit hours requested for each program.
- (7) Attendance certification method.
- (8) Program objectives.

- (9) Admission requirements.
- (10) Program outlines.
- (11) Instruction and evaluation methods.

(d) Sworn statements. Statements made in an application shall be sworn to be true and correct to the best of the applicant's knowledge.

(e) Board review of application for initial approval. An application will be reviewed by the Board's Continuing Education Committee, which will make recommendations to the Board for approval or disapproval. If an application is disapproved, the Board will provide the applicant with written notification of its reasons for disapproval. An applicant may submit a revised application to address the Board's concerns. No Board member will review or vote upon an application in which he has a vested interest.

(f) Approval number. Upon approval by the Board, an applicant will be assigned a program sponsor number.

(g) Biennial renewal of approval. An approved program sponsor shall renew its approval by January 1 of each even-numbered year, beginning with January 1, 2004. A renewal application shall list the program sponsor's planned program offerings for the upcoming renewal period.

* * *

§11.70. [Responsibilities of program developers.] (Reserved).

[(a) *Program level of difficulty.* Program developers shall specify the level of knowledge to be imparted under the program. Such levels of knowledge may be expressed in a variety of ways, all of which should be informative to potential participants and sponsors. As an illustration, a program may be described as having the objective of imparting technical knowledge at such levels as basic, intermediate, advanced or overview, which might be defined as follows:

(1) A basic level program teaches fundamental principles or skills to participants having no prior exposure to the subject area.

(2) An intermediate level program builds on a basic level program in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications.

(3) An advanced level program teaches participants to deal with complex situations.

(4) An overview program enables participants to develop perspective as to how a subject area relates to the broader aspects of accounting or brings participants up-to-date on new developments in the subject area.

(b) *Recommendation of education and experience prerequisites.* Program developers shall clearly identify what prerequisites are suggested for enrollment. If no prerequisite is necessary, a statement to this effect should be made. Prerequisites should be specified in precise language so potential program participants can readily ascertain whether the program would be beneficial to them or whether the program is above or below their level of knowledge or skill.

(c) *Development of the program.* Programs shall be developed by individuals qualified in the subject matter and in instructional design. This subsection is not intended to require any individual program developer be both technically competent and competent in instructional design. Its purpose is to ensure that both types of competency are represented in the program's development. Mastery of the technical knowledge or skill in instructional design may be demonstrated by appropriate experience or educational credentials.

(d) *Program review.* The program developer shall review the course materials periodically to ensure that they are accurate and consistent with currently accepted standards relating to the program's subject matter. Between these reviews, errata sheets should be issued when appropriate, and obsolete material should be deleted; however, between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor is responsible for informing participants of changes. If, for example, a new accounting standard is issued, a program will not be considered current unless the ramifications of the new standard have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.]

§11.71. Responsibilities of program sponsor[s].

In addition to [other responsibilities imposed on program sponsors] meeting the requirements in §11.69.1 (relating to approval of program sponsor).[they] a program sponsor shall comply with the following:

(1) *Program level of difficulty.* A program sponsor shall specify the level of knowledge to be imparted under the program. Such levels of knowledge may be expressed in a variety of ways, all of which should be informative to potential participants. As an

illustration, a program may be described as having the objective of imparting technical knowledge at such levels as basic, intermediate, advanced or overview, which might be defined as follows:

(i) A basic level program teaches fundamental principles or skills to participants having no prior exposure to the subject area.

(ii) An intermediate level program builds on a basic level program in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications.

(iii) An advanced level program teaches participants to deal with complex situations.

(iv) An overview program enables participants to develop perspective as to how a subject area relates to the broader aspects of accounting or brings participants up-to-date on new developments in the subject area.

(2) Recommendation of education and experience prerequisites. A program sponsor shall clearly identify what prerequisites are suggested for enrollment. If no prerequisite is necessary, a statement to this effect should be made. Prerequisites should be specified in precise language so potential participants can readily ascertain whether the program would be beneficial to them or whether the program is above or below their level of knowledge or skill.

(3) Development of the program. A program sponsor shall ensure that programs are developed by individuals qualified in the subject matter and in instructional design. This subsection is not intended to require that any individual program sponsor be both technically competent and competent in instructional design. Its purpose is to ensure that both types of competency are represented in the program's development, whether one or more persons are involved in that development. Mastery of the technical knowledge or skill in instructional design may be demonstrated by appropriate experience or educational credentials.

(4) Program review. A program sponsor shall review the course materials periodically to ensure that they are accurate and consistent with currently accepted standards relating to the program's subject matter. Between these reviews, errata sheets should be issued where appropriate, and obsolete material should be deleted; however, between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor is responsible for informing participants of changes. If, for example,

a new accounting standard is issued, a program will not be considered current unless the ramifications of the new standard have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.

[(1)](5) *Disclosure of prospective participants.* A p[P]rogram sponsor[s] shall disclose in advance to prospective participants the objectives, prerequisites, experience level, content, required advanced preparation, teaching method and number of continuing education credits involved in the program.

[(2)](6) *Selection and review of instructors.* [The] A program sponsor [has the obligation for] shall select[ing] and assign[ing] qualified instructors for the continuing education program. Although it is expected that instructors will be selected with great care, a program sponsor[s] should evaluate the performance of the instructors at the conclusion of each program to determine their suitability for continuing to serve as instructors in the future.

[(3)](7) *Number of participants and adequacy of physical facilities.* [It is the responsibility of the] A program sponsor [to assure] shall ensure that the number of participants and the physical facilities are consistent with the teaching methods to be utilized. Because the learning environment is affected by the number of participants and by the quality of the physical facilities, a program sponsor[s have] has an obligation to pay serious attention to both of these factors. The maximum number of participants for a case-oriented discussion program, for example, should be considerably less than for a lecture program. The seating arrangement is also very important. For discussion presentation, learning is enhanced as seating is arranged so that participants can easily see and converse with each other. If small group sessions are an integral part of the program format, appropriate facilities should be made available to encourage communication with a small group.

[(4)](8) *Program evaluation.* A program sponsor shall provide a [P]rogram evaluation [shall be] in accordance with the following:

(i) [The sponsor shall provide some means of program evaluation.] Evaluations shall be solicited from both the participants and instructors. The objective of evaluations is to encourage the program sponsor[s] to strive for increased program effectiveness. Programs should be evaluated to determine whether:

- (A) Objectives have been met.
- (B) Prerequisites were necessary or desirable.

- (C) Facilities were satisfactory.
- (D) The instructor was effective.
- (E) Advanced preparation materials were satisfactory.
- (F) The program content was timely and effective.

(ii) Evaluations [might] may take the form of pretests for advanced preparation, post-tests for effectiveness of the program, questionnaires completed at the end of the program or later, oral feedback to the instructor or sponsor, and so forth. Instructors should be informed of their performance, and the program sponsor[s] should systematically review the evaluation process to [i]ensure its effectiveness.

[(5)](9) Attendance records. A program sponsor shall [M]maintain and retain accurate records of attendance for a 5-year period.

[(6)](10) Course materials. A program sponsor shall [R]retain a written outline of course materials for a 5-year period.

[(7)](11) Certificate of completion. A program sponsor shall [P]provide participants with a certificate of completion evidencing satisfactory completion and attendance of the program.

[(8)](12) Promotional materials. A program sponsor shall [I]identify the subject area -- see §11.63 (relating to continuing education subject areas) -- of the program in the promotional materials.

§11.71.1. Off-site review of program sponsor.

A program sponsor shall be subject to an off-site review of its continuing education programs to ensure compliance with the requirements of this chapter. The review will involve an in-depth audit of all course materials, documents and records maintained by the program sponsor under this chapter.

§11.72. [Sponsor's failure to comply with continuing education requirements.] Withdrawal of approval of program sponsor.

[Failure of the sponsor to comply with the requirements of §§11.65 and 11.71 (relating to criteria for continuing education programs; and responsibilities of program sponsors) may result in the suspension of the preapproved status for programs offered by the sponsor.] The Board, following notice and hearing under 2 Pa.C.S. §§501-508 (relating to practice and procedure of Commonwealth agencies), may withdraw the approval of a program sponsor that the Board finds guilty of:

- (1) Having acquired the Board's approval by misrepresentation.
- (2) Failing to comply with the requirements of §§11.65 (relating to criteria for continuing education programs), 11.69.1 (relating to approval of program sponsor), or 11.71 (relating to responsibilities of program sponsor).
- (3) Refusing to provide information requested by the Board pursuant to an off-site review under §11.71.1.
- (4) Indicating in any manner that it has been approved as a program sponsor prior to a program sponsor number having been issued to it.

* * *

E. THE BOARD DOES NOT BIENNIALLY RE-APPROVE CERTAIN CONTINUING PROFESSIONAL EDUCATION PROGRAMS AS REQUIRED BY ITS REGULATIONS

SUMMARY

The C.P.A. Law requires its licensees to receive 80 hours of continuing professional education (CPE) over a two-year period in programs approved by the Board. The Board has promulgated regulations to allow pre-approval of CPE programs. However, the Board does not comply with the regulatory requirement that such programs be re-approved biennially, in part due to staffing and Board members' time limitations. Proposed regulations would remove the pre-approval and biennial re-approval requirements.

DISCUSSION

The C.P.A. Law states that mandated CPE hours are to be completed "in programs approved by the board." Board regulations at 49 Pa. Code §11.65 state in part that a CPE program or course qualifies as a continuing education program if it is

1. a program of learning which contributes directly to the maintenance of professional competence of a certified public accountant or public accountant,
2. at least one credit hour (50-minute period) in length,
3. conducted by a qualified instructor or discussion leader, and
4. subject matter enumerated in Section 11.63 (relating to continuing education subject matter).

Under Board regulations certain CPE programs, such as those offered by national or state accounting organizations, universities, or colleges public accounting firms' and in-firm educational programs qualify provided they meet the subject matter enumerated in Section 11.63 and the criteria for continuing education programs in Section 11.65. CPE programs offered by other sponsors can also qualify if they meet the regulatory criteria.

If the above sponsors wish, they may have their programs pre-approved by the Board. The Board regulations, however, do not require such pre-approval.

PRE-APPROVAL OF PROGRAMS OFFERED BY APPROVED SPONSORS

A program can be pre-approved if its sponsor provides information to document the four criteria noted above and agrees to

1. maintain and retain accurate records of attendance for a five-year period,
2. retain a written outline for course materials for a five-year period, and
3. comply with the requirements of Section 11.71 (relating to responsibilities of program sponsors).

The Board has established an approval process for program sponsors, and the Board routinely approves such sponsors at Board meetings. As part of this process, the Board reviews a completed application and documentation for one program which the sponsor applicant plans to offer. The Board also requires the program sponsor to agree to follow the Board's regulations as they relate to CPE. As of August 1992 the Board had approved 1,338 program sponsors, approximately 90 percent of which had been approved prior to 1991.

Board regulations, 49 Pa. Code §11.65, also require sponsors (who have had their programs pre-approved) to have their programs re-approved biennially, or at such times when a program is altered substantially. The Board, however, does not review a sponsor's program after initial approval. Because the Board reviews only one program offering at the time of initial sponsor application and, in effect, approves program sponsors indefinitely, the Board has little assurance that the programs offered by the sponsors meet the requirements contained in the Board's regulations.

The Board has published proposed regulations in the Pennsylvania Bulletin to remove the requirement that pre-approved programs be re-approved biennially. According to Board Counsel, the Board proposed this change because the Board has not had the time or staff resources to do the required biennial re-approvals. The Board believes, however, that there is value to requiring approval as a process to control the quality of CPE offerings. The Board reportedly plans to amend the proposed regulation to include a sponsor approval and re-approval process.

Several respondents to our questionnaire, sent to a sample of Board licensees, expressed concern regarding whether programs they have taken meet Pennsylvania requirements for CPE. For example, one licensee noted that "confusion still exists as to what is applicable for credits." Another licensee responded that "it should be possible to determine before taking a CPE course whether or not it meets Pennsylvania requirements. I was told I had to judge its relevance for myself--and hope it was acceptable on audit."

CPE Course Approval in Other States

Program and sponsor approval is handled differently in states surrounding Pennsylvania. New Jersey and New York require their licensees to take courses from approved sponsors, whereas Maryland

(like Pennsylvania) does not. New Jersey and New York also re-approve sponsors periodically and charge a fee to approve or re-approve sponsors.

- New Jersey requires all CPE sponsors to be approved by the Board. The New Jersey Board has about 1,000 approved course sponsors and 400 NASBA-approved sponsors. CPE course sponsors are approved/disapproved based on course subject matters, although sponsors are not required to inform the Board about specific courses they plan to offer within the approved subject matter. Sponsors submit an application, pay a \$100 fee, and must be re-approved every two years.
- New York also requires all its CPE sponsors to be approved by the Board. The New York Board has approximately 800 such approved sponsors. In New York sponsors are approved for up to a three-year period and pay a \$300 fee. Sponsors must submit a list of all offerings in each subject area for which they are seeking pre-approval.
- Maryland's statute requires the 80 hours of CPE to be in programs that the Board approves. According to Maryland's CPA consultant, the Board does not interpret its statute to require that all CPE programs be pre-approved and considers the audit to represent the approval function. He does not believe it would be possible for the Board to pre-approve all courses. A pre-approval process does exist but, as in Pennsylvania, pre-approval is not required.

According to the Board's counsel, the national trend among state accounting licensing boards is to approve program sponsors rather than specific programs. Many states automatically approve sponsors listed on the NASBA National Registry of CPE Sponsors.

RECOMMENDATIONS

1. *The State Board of Accountancy should amend its draft regulations to require sponsors who wish to have their programs pre-approved to submit a list of all programs the sponsor intends to offer as qualifying for CPE credit. These sponsors should submit updated program lists biennially or whenever a change is made to the sponsor's program offering. Board staff should review these programs against the allowed CPE subject matter contained in the Board's regulations.*

As a way to save administrative costs, the Board should consider exempting from review programs offered by CPE sponsors on the National Registry of CPE Sponsors.

¹The National Registry of CPE Sponsors was developed by the National Association of State Boards of Accountancy (NASBA) as a mechanism through which CPE sponsors enter into an agreement with NASBA to provide continuing education in accordance with nationally accepted standards.

2. *The State Board of Accountancy should consider amending its regulation to levy a fee, similar to that used in certain other states, for initial approval and re-approval of programs and sponsors. This fee should be set at a level to cover the costs associated with the program approvals and an enhanced CPE audit process (see also Finding F).*



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January 4, 1996

Judith Pachter Schulder, Counsel
State Board of Accountancy
Commonwealth of Pennsylvania
Bureau of Professional and Occupational Affairs
116 Pine Street, P.O. Box 2649
Harrisburg, PA 17105-2649

Re: Draft of Program Sponsor Regulations

Dear Judy:

We have reviewed the draft of the program sponsor regulations currently being revised by the Continuing Education Committee.

In general, we agree with the proposed revisions to the regulations concerning program sponsors, and appreciate the Board's efforts to improve the quality of continuing education programs available to licensees. We look forward to learning more about the audit procedures for approved program sponsors which will be implemented when the revised regulations are adopted.

Thank you for the opportunity to comment, and we look forward to continuing dialogue with the State Board on matters impacting the accounting profession.

Sincerely,

Albert E. Trexler, CAE
Executive Director

c:✓Michael D. Colgan, CAE
Robert J. Paolini, CPA
L. Louis Boyle, Esq.



Pennsylvania Society of Public Accountants

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September 15, 1998

Steven J. Wennberg, Counsel
Pennsylvania State Board of Accountancy
116 Pine Street
P.O. Box 2649
Harrisburg, PA 17105-2649

Dear Mr. Wennberg:

The following comments are being submitted in response to exposure draft #16A-557 regarding commissions, and exposure draft #16A-555 regarding program sponsors as outlined in your letter dated August 25, 1998. This is the second letter of two being submitted by the PSPA. We again thank you for the opportunity to comment on these issues.

Exposure Draft #16A-557

Section 11.24(h)

Section 12(p)(1)(i) of Act 140 prohibits licensees from accepting a commission for the sale of a product or service if the licensee "performs an audit or review" for that client. However, according to the language in Section 12(p)(1)(ii) of Act 140, a licensee is prohibited from accepting a commission if preparing a compilation for the client *only if "the licensee expects or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence."* The language set forth in Act 140 as it relates to commissions is clear and unambiguous.

The Board, by using the word "attest" to describe those activities for which commissions would be prohibited, is in direct conflict with the language in Act 140. The word attest is defined in the definition section of Act 140 to include compilations, reviews, and audits. Section 12(p)(i) of Act 140 clearly contains two subsections because not all of the attest activities prohibit a licensee from accepting a commission.

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It is PSPA's position that Subsection (h) of Section 11.24 of exposure draft #16A-557 should be stricken from the regulations as it is in direct conflict with Section 12(p)(1)(ii) of Act 140.

Section 11.24(b)

The PSPA opposes Subsection (b) of Section 11.24 of the exposure draft. Through the imposition of this subsection the board is attempting to hold licensees who are taking commissions to more restrictive requirements than other licensees.

It is unclear the purpose this information would serve to the Board. It is possible that this information could be used in a discriminatory way against those licensees who accept a commission. We believe that the interests of the public are protected by subsections (c-g) of Section 11.24 of this exposure draft, and the imposition of subsection (b) is unnecessary.

Exposure Draft #16A-555

Section 11.69.1(b) Approval of program sponsors.

It is the position of the PSPA that in addition to those program sponsors approved by NASBA, state and national accounting societies and institutes should be exempt from submitting an application to approval by the Board.

The procedures for becoming an approved sponsor are unclear as they appear in Section 11.69.1. We request additional, more detailed information regarding the information that is required to the Board with the application for program sponsorship, and the timing of such information. For example, state organizations such as the PSPA offer over sixty different CPE programs throughout the course of a year, and not all of these programs are set up a year in advance. Often two-hour dinner meetings may not be confirmed until a month before the presentation. The language in 121.69.1 is unclear as to how this type of circumstance would be handled by the program sponsor.

If you have any questions or if you need additional information please do not hesitate to contact our Executive Office at 1-800-270-3352.

Sincerely,

Neil C. Trama, Jr.

Neil C. Trama, Jr., PA
PSPA President



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September 21, 1998

Steven J. Wennberg, Esquire, Counsel
Pennsylvania State Board of Accountancy
P. O. Box 2549
Harrisburg, PA 17105-2649

Dear Mr. Wennberg:

This letter will confirm our conversation of September 18, 1998, that the only comments which the Pennsylvania Institute of Certified Public Accountants (PICPA) had to the draft proposed regulations were on the commissions regulations. At this time, the PICPA has no comments on the peer review, CPE program sponsors or enforcement regulations.

When the Board does revise its regulations, we would appreciate it if you could supply us with both a paper copy of the revisions as well as with a diskette so that we can make these regulations available to interested members by e-mail. Thank you for your assistance in this matter.

Sincerely,

L. Lawrence Boyle, Esquire
Manager, Government Relations



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE
HARRISBURG

HARVEY C. ECKERT
DEPUTY SECRETARY FOR COMPTROLLER OPERATIONS
OFFICE OF THE BUDGET

December 9, 1998

RECEIVED

DEC 10 1998

BPOA LEGAL COUNSEL

Mr. Steven Wennberg
Counsel to the State Board of Accountancy
116 Pine Street, Third Floor
PO Box 2649
Harrisburg, Pennsylvania 17105-2649

Dear Mr. Wennberg:

We are pleased to provide comments to Exposure Draft 16A-555 concerning responsibilities of program sponsors. The majority of our comments pertain to the proposed requirements for prior approval of course curriculum for classes to be presented during each two-year period. Other minor comments pertain to specific responsibilities listed for sponsors that may more appropriately be fulfilled by program developers.

The Office of the Budget considers itself a program sponsor and has been registered as such with the State Board for many years. We present an average of 20 to 25 classes each year, providing up to 12,000 credit hours of training to auditors from the Office of the Budget, Treasury, Auditor General and other state agencies. Most of the training we provide is lecture style, classroom training, developed and presented by nationally recognized training institutions such as the United States Department of Agriculture Graduate School and the National Association of State Auditors, Comptrollers and Treasurers. We consider the training institutions with which we contract to be program developers.

Our concern with the proposed regulations is that, using our current process, we cannot determine our schedule of classes in sufficient time to be part of our initial or renewal application. We operate on a July 1 to June 30 fiscal year. We generally complete our training needs assessment during the summer months and complete contracts by September for courses to be presented from October through June. This conflicts with your proposed license renewal schedule which requires an application in May of every other year, and which requires course schedules for a two-year period.

Prior approval of courses is not always possible or practical for other types of training presented. Our audit offices occasionally develop and present in-house training sessions to staff to implement a new audit standard or procedure. Section 11.65(c) requires that, for courses that are new or substantially altered, sponsors should submit applications for approval at least 30 days prior to course presentation. In many cases, course materials have not been finalized until days before the presentation. If implemented, the pre-approval requirement would prohibit quick response, timely training.

Mr. Steven Wennberg
December 9, 1998
Page 2

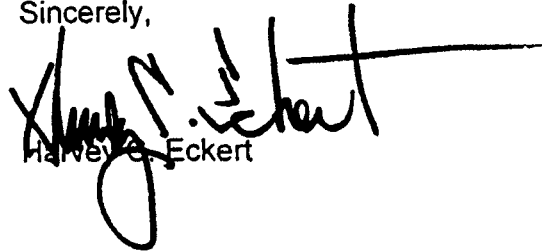
The Office of the Budget recognizes the need for a greater review of continuing education programs, program sponsors and developers, and for better record keeping. However, we believe the Board should consider using a **post-review rather than a pre-approval process**. This would be similar to your requirement for individuals to list the continuing education programs attended during the last biennial period as part of their renewal application.

Section 11.72 includes other requirements for program sponsors. Subsection (a) requires the program sponsor to specify the program level of difficulty as basic, intermediate, advanced or overview. Subsection (c) requires sponsors to ensure courses are developed by qualified individuals, and subsection (f) states sponsors shall select and assign qualified instructors. We believe the program developer should be responsible for identifying that level of difficulty and the sponsor should only be responsible for ensuring attendees are aware of the level. For contracted courses, the Office of the Budget does not know the qualifications of the individuals that developed the course materials and rarely selects the individual instructors.

We believe other accounting firms that act as program sponsors, and develop or present in-house training sessions will share our concerns. We are available to further discuss these issues with you and the Board either now, or after the regulations move to proposed rulemaking.

If you have any questions, please contact Herbert A. Maguire, CPA, Director of the Bureau of Audits, Office of the Budget at 717-783-0114.

Sincerely,



Harvey E. Eckert

cc: Honorable Robert A. Bittenbender
James D. Neilson, Esq.
Herbert A. Maguire

FEE REPORT FORM

Agency: State - BPOA

(Revised)
Date: June 9, 1999

Contact: David Williams

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Continuing Education Program Sponsor Initial Application Fee: \$145.00

Estimated Biennial Revenue: \$145,000 (1,000 applications x \$145.00)

Fee Description:

The fee will be charged to every applicant for initial approval as a continuing education program sponsor.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Accountancy to review and process an application for initial approval as a continuing education program sponsor and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Staff time-app prep & review	(0.50 hr)	11.60
Board Administrator: app. evaluation	(0.50 hr)	15.10
Board Member - average review cost		8.00
Board Mtg. - discuss & vote	(0.08 hr)	37.86
Secured Delivery Charge: (average)		21.50
Averaged Audit Expense:		34.37
Administrative Overhead:		<u>12.61</u>
Total Estimated Cost:		\$141.04
Proposed Fee:		\$145.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of \$145.00 be established to process an application for initial approval as a Continuing Education Program Sponsor.

June 9, 1999

Board Staff: clerical staff receives request from a provider of continuing education requesting approval as a sponsor of courses that licensees are required to complete as a condition of license renewal. The application and supporting documents are reviewed by the board administrator using guidelines set by the continuing education committee to determine if qualifications meet board standards. If determination can be made at that level, the application only is forwarded via secured delivery to education committee member for cursory review and approval recommendation, item is placed on board agenda for vote by full board. If approved by board vote, applicant receives notice of approval for that biennium; if rejected the applicant is notified by letter.

If decision cannot be made by staff, application and supporting documents are forwarded to member of the continuing education committee for determination. Decision of committee member to grant/deny approval (after consultation with other members of cont. ed. committee) is sent to board office and placed on agenda; voted on by the board as noted above.

During each biennial cycle, the board will conduct a random audit for the purpose of assessing compliance with the board's goals and objectives. Approximately 20% of the approved sponsors will be contacted and instructed to submit all materials relating to a maximum of two of their course offerings. The board anticipates that approximately 200 courses will be evaluated in this in-depth audit. Board staff will conduct the preliminary review, using audit guidelines established by the continuing education committee.

Following review by staff, a summary report noting deficiencies and/or questionable items, along with all documents submitted, will be forwarded (via secured delivery) to a member of the continuing education committee. The committee member will review and, following discussion with other committee members, render a decision regarding compliance. The committee expects that about 25% of the 200 audited courses (50) will require further review by the continuing education committee for determination and resolution of deficiencies noted during preliminary review by board staff.

All expenses associated with the audit process have been averaged over the total number of anticipated sponsor applicants to equitably distribute the costs.

FEE REPORT FORM

Agency: State - BPOA

Date: June 9, 1999

Contact: David Williams

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Continuing Education Program Sponsor Renewal Fee: \$120.00

Estimated Biennial Revenue: \$120,000 (1,000 applications x \$120.00)

Fee Description:

The fee will be charged to every applicant for renewal of approval as a continuing education program sponsor.

Fee Objective:

The fee should offset the identifiable costs incurred by the State Board of Accountancy to review and process an application for renewal of approval as a continuing education program sponsor.

Fee-Related Activities and Costs:

Staff time-app prep & review	(0.05 hr)	1.62
Cont. Ed. Committee - average review cost		24.00
Board Mtg. - discuss & vote	(0.08 hr)	37.86
Secured Delivery Charge: (average)		21.50
Averaged Audit Expense:		<u>34.37</u>
Total Estimated Cost:		\$119.35
Proposed Fee:		\$120.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of \$120.00 be established to process an application for renewal of approval as a Continuing Education Program Sponsor.

Page 2 Continuing Education Program Sponsor Renewal Fee: June 9, 1999

Approximately ten weeks prior to the expiration date, all currently approved program sponsors will receive a renewal notice instructing them to remit the fee if they wish to renew their sponsor approval for the next biennial cycle. Upon receipt of the fee and signed renewal request, clerical staff will process the fee to renew and issue approval for the next cycle.

After all renewals are processed, a random audit will be conducted by the Continuing Education Committee to determine compliance with board's goals and objectives. Approximately 20% of the renewed sponsors will be contacted and instructed to submit all materials relating to a maximum of two of their course offerings. The board anticipates that approximately 200 courses will be evaluated in this in-depth audit.

Costs estimates are based on the same anticipated expenses as for the initial sponsor approval process and include secured delivery charge, averaged audit expense, and review by the full board of the audit findings in addition to the Continuing Education Committee per-diem expense.

All expenses associated with the audit process have been averaged over the total number of anticipated sponsor to equitably distribute the costs.



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF ACCOUNTANCY**

(717) 783-1404

116 PINE STREET
P. O. BOX 2649
HARRISBURG, PA
17105-2649

February 7, 2000

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
Harristown 2, 14th Floor
333 Market Street
Harrisburg, PA 17101

RE: Proposed Rulemaking of the State Board of Accountancy
Relating to Continuing Education Program Sponsors (16A-555)

Dear Chairman McGinley:

Enclosed is a copy of a proposed rulemaking package of the State Board of Accountancy relating to continuing education program sponsors.

A notice of proposed rulemaking will be published in the Pennsylvania Bulletin on February 19, 2000, triggering a public comment period that ends March 20, 2000.

The Board stands ready to provide whatever information or assistance your Commission may require during its review of this proposed rulemaking.

Sincerely,

A handwritten signature in black ink, reading "Thomas J. Baumgartner".

Thomas J. Baumgartner, Chairman
State Board of Accountancy

TJB:SW:apm
Enclosure

cc: Hon. Kim Pizzigrilli, Secretary of the Commonwealth
Department of State

C. Michael Weaver, Deputy Secretary for Regulatory Programs
Department of State

Ruth D. Dunnewold, Acting Chief Counsel
Department of State

Joyce McKeever, Deputy Chief Counsel
Department of State

Dorothy Childress, Commissioner
Bureau of Professional and Occupational Affairs

Gerald S. Smith, Senior Counsel in Charge
Bureau of Professional and Occupational Affairs

Steven Wennberg, Counsel
State Board of Accountancy

State Board of Accountancy

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT

RECEIVED

I.D. NUMBER: 16A-555

SUBJECT: State Board of Accountancy - Continuing Education Program Sponsors

AGENCY: DEPARTMENT OF STATE

2000 FEB -7 AM 11:40

INDEPENDENT REGULATORY
REVIEW COMMISSION

TYPE OF REGULATION

X Proposed Regulation

Final Regulation

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation

a. With Revisions

b.

Without Revisions

FILING OF REGULATION

DATE

SIGNATURE

DESIGNATION

2-7-00

[Signature]

HOUSE COMMITTEE ON PROFESSIONAL LICENSURE

2/7/00 *Sammy Weaver*

SENATE COMMITTEE ON CONSUMER PROTECTION &
PROFESSIONAL LICENSURE

2/7/00 *Kim C. Garner*

INDEPENDENT REGULATORY REVIEW COMMISSION

ATTORNEY GENERAL

2/7/00 *C. Lee*

LEGISLATIVE REFERENCE BUREAU

February 1, 2000