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September 12, 2011

Cynthia K. Montgomery, Regulatory Counsel
Department of State
P.O. Box 2649
Harrisburg, PA 17105-2649

Re: State Board of Accountancy Regulations

Dear Ms. Montgomery:

On behalf of the nearly 21,000 members of the Pennsylvania Institute of Certified Public Accountants (PICPA), we offer the following comments and suggestions regarding the State Board of Accountancy's two proposed rulemakings, Schedule of Civil Penalties (41 Pa.B. 4535) and Continuing Professional Education (41 Pa. B. 4541), published in the August 20, 2011 Pennsylvania Bulletin. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, industry, government, and education.

These proposals implement much needed improvements and upgrades to the licensing regulations. PICPA is in general agreement with the proposed rulemakings and believes, if adopted, they will improve the system governing the CPA profession in Pennsylvania.

Schedule of Civil Penalties (41 Pa.B. 4535)

1. PICPA strongly believes the penalty amounts in 9.12(a), 9.12(c) and 9.12(j) are not an effective enough deterrent to those non-credentialed individuals holding themselves out to be CPAs. We support a higher fine amount (\$1000) for first time offenders.
2. PICPA believes that licensees who violate the CPE provisions (9.8b(b), 11.62(b), 11.63(a)(1), 11.63(a)(6) and 11.63(a)(7)) should not be afforded a second offense. A formal action should accompany a second offense of this kind. PICPA and the CPA profession should not, and will not, tolerate licensees who ignore the law.
3. Practicing without a license versus practicing with a lapsed license is an important distinction that should be clarified in the rulemaking. In addition, the rulemaking should also provide that CPA licensees who inadvertently practice with a lapsed license are not treated any more harshly than non-credentialed first-time offenders, e.g. \$1,000 fine.

Continuing Professional Education (41 Pa.B. 4541)

1. For consistency, we believe all the definitions in the current regulation should either be deleted or, at a minimum, mirror those found in the statute. For example, in 11.63(a)(1) of the proposed rulemaking, the phrase “accounting and auditing” is changed to “accounting and attest”, yet the definition is not revised to reflect the changes made by Act 73 of 2008.

2. The proposed amendment to 11.63(a) would delete the “specialized knowledge” subject area. While the Board’s desire of “fostering the continuing competency of practitioners to engage in the practice of public accounting” is laudable, the fact is that today more than 40 percent of licensed CPAs in Pennsylvania (and nationally) are no longer solely in public accounting. Many licensees today are in business, industry and educational vocations. This provision allows licensees to tailor their CPE around other educational opportunities that satisfy their current professional occupation. As the CPA profession grows more specialized, maintaining this section allows for greater flexibility for licensees.


3. Amendments to 11.64(4) would eliminate authorship of writings as a basis for awarding CPE credits. The rationale for this change stems from the Board’s “difficulty in verifying how much time practitioners have spent on research and writing... .” While only a small number of practitioners have sought such CPE credits, it should nonetheless continue to be an avenue for those who choose it. Both the accounting profession and the public benefit from having these types of articles and periodical published. The Board certainly has the wherewithal to appropriately evaluate such requests.

4. We request clarification on the applicability of 11.69a(b)(3). Does “accredited college or university” also include the CPE affiliates of these education institutions?

5. To avoid future confusion for Pennsylvania licensees, PICPA believes 11.69a should be amended to exempt national and state recognized accounting organizations from the approval process.

Thank you for taking our comments into consideration as the Board prepares final form regulations. If you have questions or comments, please do not hesitate to contact me at either mcolgan@picpa.org or Peter Calcara at pcalcara@picpa.org.

Sincerely,



Michael D. Colgan, CAE
Executive Director & CEO

cc: Hon. Robert M. Tomlinson
Hon. Lisa M. Boscola
Hon. Julie Harhart
Hon. Harry Readshaw
Hon. Silvan B. Lutkewitsee, III, Chair, IRRC