

**NEW JERSEY REGISTER
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RULE ADOPTIONS
LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
NEW JERSEY STATE BOARD OF ACCOUNTANCY**

Adopted Amendments: N.J.A.C. 13:29-6.2, 6.3, 6.5, 6.6, 6.7 and 6.9 through 6.13

Adopted New Rule: N.J.A.C. 13:29-6.6A

Adopted Repeal: N.J.A.C. 13:29-6.8

Credit-Hour Requirements; Qualifying Technical Subjects; Continuing Professional Education Programs and Other Sources of Continuing Professional Education Credit; Criteria for Continuing Professional Education Sponsors; Sponsor Number Exemptions; Credit-Hour Calculations; Reporting of Continuing Education Credit Hours; Retention of Continuing Professional Education Records; Continuing Professional Education Requirements; Reciprocity; Responsibilities of Program Developers; Responsibilities of Program Sponsors; Sponsor's Failure to Comply with Continuing Education Responsibilities

Proposed: January 22, 2008 at 40 N.J.R. 593(a).

Adopted: June 19, 2008 by the New Jersey State Board of Accountancy, Albertus Jenkins, President.

Filed: November 12, 2008 as R.2008 d.367, without change.

Authority: N.J.S.A. 45:1-15.1; 45:2B-48; 45:2B-68.

Effective Date: December 15, 2008.

Expiration Date: October 27, 2010.

Federal Standards Statement

A Federal standards analysis is not required because the adopted amendments and new rule are governed by N.J.S.A. 45:2B-42 et seq., and are not subject to any Federal requirements or standards. Full text of the adoption follows:

13:29-6.2 Credit-hour requirements

(a) Each applicant for a triennial license renewal is required to complete, during the preceding triennial period, 120 hours of continuing professional education, except as provided in (c) through (f) below. The types of continuing professional education programs and other sources of continuing professional education for which credit hours may be obtained are set forth in N.J.A.C. 13:29-6.5. The 120 hours of continuing professional education shall include at least 24 credit hours in the areas of auditing, review and compilation for licensees who are engaged in the practice of public accountancy. All applicants shall complete at least 72 credit hours of the required 120 credit hours in the technical subjects set forth in N.J.A.C. 13:29-6.3. All applicants shall complete four credit hours of the required 120 credit hours in the New Jersey law and ethics course set forth in N.J.A.C. 13:29-6.3A. The remaining 44 credit hours of the required 120 credit hours may include subjects specified in N.J.A.C. 13:29-6.4. No licensee shall receive credit for any course offered by a Board-approved continuing professional education sponsor in subjects other than those enumerated in N.J.A.C. 13:29-6.3, 6.3A or 6.4. For the triennial period commencing January 1, 2009 and thereafter, a licensee shall obtain a minimum of 60 credit hours of continuing professional education through didactic instruction.

1. For purposes of this subsection "didactic instruction" means in-person instruction and may include interactive telephonic or electronic instruction, but shall not include videotaped or audiotaped instruction.

(b) (No change.)

(c) A licensee shall obtain the required amount of continuing professional education set forth in (a) above by the last day of the triennial renewal period. A licensee who fails to obtain the required amount of continuing professional

education by the last day of the triennial renewal period shall be deemed to have failed to comply with the requirements of this subchapter. The Board may, however, in its discretion, waive requirements for continuing professional education on an individual basis for reasons of hardship, such as health, military service, or other due cause, upon written request by the licensee at least 60 days prior to the last day of the triennial renewal period then in effect. A waiver of continuing professional education requirements granted pursuant to this subsection shall be effective only for the triennial period in which such waiver is granted. If the condition(s) that necessitated the [page=6985] waiver persists into the next triennial period, a licensee shall apply to the Board for the renewal of such waiver for the new triennial period.

(d) A licensee shall not be required to satisfy the requirements of (a) above for the initial renewal of his or her license but shall be required to satisfy the requirements of (a) above as a condition for triennial license renewal for all subsequent triennial renewal periods. Notwithstanding such exemption from the continuing professional education requirements for the initial renewal of his or her license, a licensee shall complete an orientation course, which at a minimum, shall include a four-credit course in New Jersey law and ethics approved by the Board pursuant to N.J.A.C. 13:29-6.3A and 6.6(c). Within 30 days of completing the New Jersey law and ethics course, a new licensee shall send a copy of the course completion certificate to the Board.

(e) Inactive licensees shall be exempt from continuing professional education requirements. Inactive licensees are those who do not practice accounting (public or private), or hold themselves out to the public as practicing accountants in any professional capacity, or use the title or designation of certified public accountant, public accountant, accountant or auditor without the word "inactive," pursuant to N.J.A.C. 13:29-1A.10 and 2.3.

(f) (No change.)

13:29-6.3 Qualifying technical subjects

(a)-(b) (No change.)

(c) Auditing, review and compilation includes the body of knowledge that deals with the basic service of the public accounting profession, that is, examination and reporting on financial statements. Also included in this area is the examination or review of internal and administrative controls, operations and government programs. Relevant program offerings could include audit theory and philosophy; generally accepted auditing standards; study and evaluation of internal control; substantive audit procedures; audit sampling; reporting on financial statements; review services; and computer and government auditing. Qualifying subject matter will include courses covering pronouncements or regulations issued by recognized authorities, such as the PCAOB, FASB, AICPA, SEC or other government agencies (state and Federal) dealing with auditing, financial reporting, or application of generally accepted accounting principles.

(d) (No change.)

13:29-6.5 Continuing professional education programs and other sources of continuing professional education credit

(a) The following qualify as continuing professional education programs provided they contain the subjects enumerated in N.J.A.C. 13:29-6.3 and 6.4 and meet the continuing professional education program criteria requirements as set forth in N.J.A.C. 13:29-6.6 or 6.6A.

1. (No change.)

2. Accredited university or college courses in qualifying technical subjects set forth in N.J.A.C. 13:29-6.3 only: Continuing professional education credit shall be granted for university or college courses in accordance with the following:

i. Applicants shall receive: 15 credit hours of continuing professional education credit for each semester or trimester credit hour earned; 10 credit hours of continuing professional education credit for each credit hour earned in a quarter;

and

ii. (No change.)

3. (No change.)

4. Correspondence programs and other individual study programs: Continuing professional education credit shall be granted for correspondence programs and other individual study programs in accordance with the following:

i. The amount of credit to be allowed for approved correspondence and individual study programs, including taped study programs, shall be recommended by the program sponsor based upon one-half the average completion time calculated by the sponsor after it has conducted appropriate "field tests." Although the program sponsor shall make recommendations concerning the number of credit hours to be granted, the number of credit hours granted shall be as determined by the Board;

ii. For the triennial period commencing January 1, 2009 and thereafter, applicants shall only be granted continuing professional education credit for correspondence or individual study programs offered by sponsors who have been registered with the National Association of State Boards of Accountancy (NASBA). Credit shall be granted at the rate of one credit for every 50 minutes of correspondence and individual self study program participation; and

iii. Credit for correspondence and other individual study programs shall only be given in the renewal period in which the course is completed with a successful final examination. For the triennial renewal period commencing January 1, 2009 and thereafter, a maximum of 60 credit hours of continuing professional education may be obtained in correspondence and other individual study programs in each triennial renewal period.

(b) In addition to the continuing professional education programs enumerated in (a) above, continuing professional education credit also shall be awarded for the following if they fall within the subjects enumerated in N.J.A.C. 13:29-6.3 and 6.4 and meet the continuing professional education program criteria as set forth in N.J.A.C. 13:29-6.6 or 6.6A.

1.-3. (No change.)

(c) In addition to the continuing professional education programs enumerated in (a) and (b) above, continuing professional education credit also shall be granted for the following if they involve subjects enumerated in N.J.A.C. 13:29-6.3 and 6.4.

1. Service as a lecturer, instructor, discussion leader, or speaker: Continuing professional education credit shall be awarded for service as a lecturer, instructor, discussion leader, or speaker in accordance with the following:

i. One credit hour shall be given for each 50-minute period of service provided the discussion is one which meets the continuing professional education subject requirements of N.J.A.C. 13:29-6.3 or 6.4. For the lecturer's, instructor's, discussion leader's, or speaker's preparation time, there shall be awarded two additional hours of continuing professional education credit for each credit hour of instruction. Requests for credit shall be accompanied by an outline of the instruction, discussion, or presentation;

ii. The instructor or discussion leader shall not be given credit for subsequent sessions in the same year involving substantially identical subject matter, except that after one year has elapsed the Board may give one additional credit hour for each 50-minute period of service as an instructor, lecturer, discussion leader, or speaker for the initial presentation, provided the original material has been updated;

iii. The maximum credit given for service as an instructor, lecturer, discussion leader, or speaker shall not exceed 60 credit hours for the triennial period; and

iv. An instructor or discussion leader who is employed as an instructor or discussion leader on a full-time basis shall not be eligible to obtain continuing professional education credit for such activities.

2. (No change.)

13:29-6.6 Criteria for continuing professional education sponsors

(a) In order to qualify as a continuing professional education sponsor in the subject matters set forth in N.J.A.C. 13:29-6.3 and 6.4, the sponsor shall submit an application form prescribed by the Board and obtain a sponsor number, except as provided in N.J.A.C. 13:29-6.6A. Qualified sponsors shall offer courses which meet the following requirements:

1.-4. (No change.)

(b) A continuing professional education sponsor may receive prior approval for a course of acceptable subject matter set forth in N.J.A.C. 13:29-6.3 and 6.4 and be assigned a designated number of continuing professional 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 (a) above, and, in addition thereto, certifies that the sponsor shall:

1.-2. (No change.)

3. Comply with the requirements of N.J.A.C. 13:29-6.11 relative to the responsibilities of program sponsors.

(c) A continuing professional education sponsor who wishes to offer a course on New Jersey law and ethics, as set forth in N.J.A.C. 13:29-6.3A, shall apply to the Board in writing for prior approval of the course in each triennial renewal period in which the course will be offered. As part of the application, the program sponsor shall submit the continuing [page=6986] professional education sponsor fee set forth at N.J.A.C. 13:29-1.5, and the following:

1. (No change.)

2. Information documenting that the course shall be:

i.-ii. (No change.)

iii. Conducted by a qualified instructor or discussion leader who will provide in-person instruction, which may include telephonic or electronic instruction that is interactive, but shall not include videotaped or audiotaped instruction; and

3. A certification verifying that the sponsor shall:

i.-iii. (No change.)

iv. Comply with the requirements of N.J.A.C. 13:29-6.11 relative to the responsibilities of program sponsors.

(d) (No change.)

13:29-6.6A Sponsor number exemptions

(a) Accredited universities and colleges, national and state professional organizations, and Federal and state government agencies that sponsor continuing professional education courses or programs, and continuing professional education sponsors registered with the National Association of State Boards of Accountancy (NASBA) shall be exempt from the requirement of submitting an application to the Board and obtaining a continuing professional education sponsor number.

(b) In order for a licensee to obtain continuing professional education credit for a course or program offered by a sponsor exempt pursuant to (a) above, the program or course shall satisfy the requirements of N.J.A.C. 13:29-6.6(a).

13:29-6.7 Credit-hour calculations

(a) The minimum measurement for continuing professional education credit shall be a whole credit hour. Except for

those sources of continuing professional education for which another system of credit hour calculation is set forth in this subchapter, a continuing professional education credit hour shall be equivalent to 50 minutes. One-half credit hour of continuing professional education may be earned for 25 minutes of instruction or participation after the first credit hour has been earned. For example, a course or program lasting 75 minutes shall be equal to one and one-half continuing professional education credits.

(b) (No change.)

13:29-6.8 Retention of continuing professional education records

(a) A licensee shall be primarily responsible for documenting satisfaction of continuing professional education requirements. Evidence to support fulfillment of continuing professional education requirements shall be maintained for a period of five years after the completion of educational courses. Such evidence shall be subject to periodic audit by the Board. Satisfactory documentation of the necessary information, including the retention of attendance records and written outlines, shall be accomplished as follows:

1. (No change.)

2. For courses offered by national or state professional organizations, Federal and state government agencies, and sponsors registered with the National Association of State Boards of Accountancy (NASBA), and for correspondence and individual self study courses, written evidence of completion shall be submitted by the licensee. Acceptable evidence of the completion of such courses shall be a certificate of completion or other comparable documentation acquired by the licensee from the program sponsor. The certificate or other documentation shall include the following information:

i. Dates attended;

ii. Credit hours earned;

iii. Course title and description of content, including method of course delivery and subject area;

iv. Course sponsor name;

v. Instructor name; and

vi. Course location.

Recodify existing N.J.A.C. 13:29-6.10 and 6.11 as 6.9 and 6.10 (No change in text.)

13:29-6.11 Responsibilities of program sponsors

(a) In addition to the requirements of N.J.A.C. 13:29-6.6, continuing professional education program sponsors shall comply with the following requirements:

1.-4. (No change.)

5. Issuance of certificates: The program sponsor shall be responsible for issuing certificates of satisfactory completion or other comparable documentation to program participants. Such certificates or documentation shall be printed with the following information:

i. Dates attended;

ii. Credit hours earned;

iii. Course title and description of content, including method of course delivery and subject area;

iv. Course sponsor name;

v. Instructor name; and

vi. Course location.

13:29-6.12 Sponsor's failure to comply with continuing education responsibilities

Failure of a sponsor to comply with the requirements for continuing professional education programs, as set forth in N.J.A.C. 13:29-6.6, and responsibilities of program sponsors, as set forth in N.J.A.C. 13:29-6.11, may result in the suspension of the preapproved status for programs offered by the sponsor.