



# Alabama State Board of Public Accountancy

## IT WAS ONLY CPE

Written by Ken L. Bishop, NASBA President & CEO

At the 2019 NASBA Regional Meetings, Chair Janice Gray and I spoke about the importance of ethics and, specifically, the importance of NASBA's ethics arm, the Center for the Public Trust (CPT). Ethics is the cornerstone of the U.S. CPA profession, so it is appropriate that NASBA invests in the recognition of ethics and provides ethics training and certification to students, business professionals and Certified Public Accountants. CPT has also recognized leaders in the profession, business and industry who have exhibited strong ethical behavior. Regrettably, this Memo is not about that, but about the occasional failures that tarnish the image of the profession.

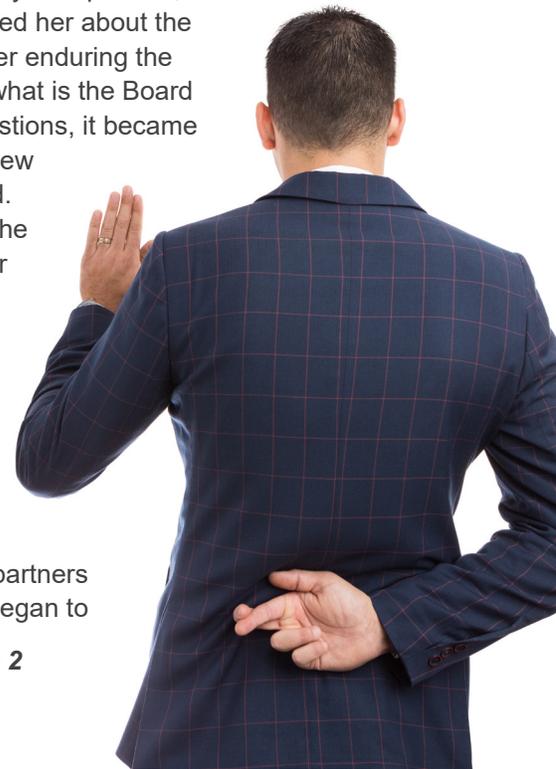
Nearly 20 years ago, after I retired from my first career in law enforcement and had just become the Executive Director of the Missouri State Board of Accountancy, I saw my first instance of disappointing behavior. For context, my duties as an Assistant Director of the Missouri Department of Public Safety included oversight of our law-enforcement academies and compliance, including professional education and training. In many ways, the rules and regulations for Continuing Professional Education (CPE) were similar to what I found when I began regulating CPAs.

While trying to learn the ropes of my new State Board position, I decided to visit a CPE course that was being delivered in St. Louis. As I was new to the job, no one had any idea who the guy standing at the back of the room was. While observing the sign-in process at a table set up in the back of the classroom, I watched a young lady approach the table and sign in. I noticed that she appeared to sign in multiple times, so when she sat down, I went over to the sign-in sheet and saw that she had signed several different names in slightly different handwriting. Being an old cop and somewhat suspicious by nature, I continued to observe.



Ken L. Bishop

At the end of what I thought was a very well-done course, I watched the same young lady dutifully sign out — five times. My curiosity was peaked, so I approached and asked her about the multiple sign-ins. After enduring the “who are you” and “what is the Board of Accountancy” questions, it became apparent that she knew things were not good. She explained that she was told to sign in for several partners. I asked her to please introduce me to them as I would like to see how they enjoyed the course. After a brief hesitation, she replied that the partners were not present. I began to



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understand that, just as with some experienced police officers, some experienced CPAs sometimes do bad things.

If you are curious as to how the matter ended, I had the young lady tell the less than diligent CPE table staff that she needed to remove the errant names. I then advised her to call her boss (one of the forged names and the managing partner of a sizeable firm) and tell him I would like to stop by and visit. She timidly replied that she was told that I would have to make an appointment. I responded, "Never mind: I will just have him to Jefferson City [Missouri's capital]." Amazingly his calendar suddenly opened up and we had the opportunity to have a serious discussion. In cop terms, I ended up giving him and his fellow conspirators a "warning" based on their promise it would never happen again. I later got to know several of these gentlemen during my years at the Missouri Board and never saw another instance of misconduct, but I never forgot their troublesome, and frankly dumb, behavior.

At the Regional Meetings there was some discussion about a big firm being fined \$50,000,000 because of cheating on CPE, or as one attendee remarked "about \$20,000 per partner." I heard a range of feedback, some of which was disappointing. One State Board member, with nexus to the impacted firm, made the comment, "It was only CPE." I thought back to my reaction to hearing a similar excuse 20 years ago. It may "only" be CPE, but it is cheating, pure and simple, and it's a culpable violation of law.

NASBA's members, the U.S. State Boards of Accountancy, have a tremendous responsibility in protecting the public. Regrettably, most Board members will see multiple instances of failed ethical behavior of various degrees during their terms. CPE violations, although arguably less serious than cases of fraud

and malpractice, may be indicative of more systemic problematic cultures that may exist. According to the SEC's settled order in the recent case, the cheating activity was extensive. The SEC concluded: "A number of lead audit engagement partners not only sent exam answers to other partners, but also solicited answers from and sent answers to their subordinates."

I often have the opportunity to speak to newly certified CPAs. In my recent remarks to such an audience in New Hampshire, I advised the students of the importance of ethics and the reality that in their careers they will see ethical failures, and they may be asked to join in with that behavior. My advice to them, "Don't do it the first time as it is a slippery slope." Imagine the impact on the careers of the subordinates of the firm being fed answers to CPE tests (ironically in ethics training mandated by the SEC) by senior partners who they may well consider to be mentors.

CPAs have a reputation for integrity and trust. By far, the majority of them do the right things, but we, and the State Boards, exist for a reason. Not only do we protect the public, but we also protect the important public trust in this great profession.

*Semper ad meliora (Always toward better things).*



— Ken L. Bishop  
NASBA President & CEO

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# TOP CPE AUDIT FAILURES NOTED BY BOARD

CPE Audit failures have been rising over the past several years. Specifically, the audit failure rate has been at approximately 7% for the past three years. In 2020 the Board conducted 25 hearings for CPE audit failures for the FY2019. The FY2020 CPE Audit is currently underway, and unfortunately, the number of failures remains high. The Board and Board staff would like to see these numbers go back down. Misreporting CPE on a registration form signed under penalty of perjury is grounds for possible disciplinary action. Disciplinary action varies based on the severity of the infraction and can range from a fine to revocation. Below are just a few reasons licensees have failed a CPE audit.

- 1. Not completing 2 hours of ethics CPE.** This is a new requirement that went into effect October 1, 2019. Every licensee is required to complete 2 hours of CPE with a field of study of ethics. Claiming any course as ethics CPE that does not have a field of study of ethics will result in an audit failure. This has been the most common reason for failure of CPE audits so far for the fiscal year 2020.
- 2. Not completing 8 hours of accounting and auditing CPE.** For a course to be accepted for accounting and auditing CPE, the field of study must be listed as either accounting or auditing. The field of study should not be finance, tax, computer science, specialized knowledge & applications etc. Claiming any course as accounting and auditing CPE that does not have a field of study of either accounting or auditing will result in an audit failure.
- 3. Claiming CPE for courses where the course sponsor does not grant credit (or full credit).** CPE sponsors are required to monitor attendance for group live courses and live webinars, and sponsors must have an evaluation for self-study courses. If you do not answer all required polling questions, do not sign in at attendance checks, or do not pass a required evaluation, the sponsor will not grant credit (or full credit). One licensee signed up for a self-study course, took the evaluation, but did not pass it to earn CPE credit. He claimed the course on his registration form even though he did not earn CPE credit. Another licensee did not get a certificate of completion for a course because he failed to sign in for an attendance check.
- 4. Claiming CPE for a course not attended.** The most disappointing reason for failure of a CPE audit is that the licensee reported earning CPE a course, knowing that he/she never attended. This is blatant misreporting. One licensee reported to the Board that when he filled out the registration form, he listed everything he had on his calendar to attend that year; however, he had not actually attended all of what he listed on his registration form.
- 5. Falsifying dates for courses that were not earned during the fiscal year.** CPE must be earned between October 1 and September 30 of each year. The registration period has a grace period of October 1 to December 31 to allow you time to gather your documentation and submit it; this is not a grace period for earning CPE that you did not earn during the required timeframe. Changing the date of a course to fit the required timeframe is misreporting.
- 6. Claiming CPE for instruction of a course that is not an acceptable CPE program.** Instructors must be either instructing an acceptable university course or instructing an approved program for other CPAs earning CPE. One licensee failed a CPE audit for claiming CPE for instruction of a program on personal finance to a group at his church. Others have claimed similar programs for instruction for organizations such as Kiwanis or Lions club meetings. If you are not instructing either a university credit course or instructing other CPAs who are earning CPE, you cannot claim the hours for instruction of CPE.
- 7. Completion of too much behavioral/personal development CPE.** No more than 12 hours can be in behavioral/personal development courses. Behavioral courses are those which address workplace behaviors, including but not limited to leadership, time management, goal setting, and team building. Any course with a field of study of "behavioral" or "personal development" CPE will fall under this category. If you are unsure whether or not a course is considered behavioral/personal development CPE, reach out to Nicole Robinson, CPE Administrator.

# CPE DOCUMENTATION

## WHAT YOU NEED AND WHEN YOU NEED IT

The CPE Rules require that you have independent verification from the course sponsor that you either attended the course or successfully completed the course. You must retain from the course sponsor a signed certificate of completion that includes the following:

- Your name
- Title of course
- Field of study
- Dates of attendance or completion
- Delivery method
- Number of hours earned

When do you need this documentation? You must have your documentation of completion before you submit your annual registration. Each licensee must submit a signed statement under penalty of perjury that all courses have been successfully completed. If you have any question whether your documentation is acceptable,

please submit it for review to Nicole Robinson. There are some rare instances where slightly different documentation from the course sponsor are acceptable, and in those such instances you should reach out to Nicole Robinson for verification.

### Documentation that is not sufficient includes but is not limited to the following:

- Registration for a course
- Meeting notice
- Payment for a course
- Travel documents
- A statement from a friend or co-worker that you attended a course
- Presentation slides
- Magazine articles

# 6 Tips for CPE Compliance

## 1 Have a good organizational strategy for tracking your CPE.

Make sure that your organizational strategy for keeping up with your CPE is a good one. A spreadsheet that includes all of the registration reporting fields is a great place to start.

## 4 Double check your certificates before you submit your registration.

Go through the actual documents before you report. Add up the total number of hours. Add up the hours of A&A. Add up the hours of ethics. Add up the hours of behavioral/personal development. Check the dates of your certificates to make sure you were awarded credit during the correct fiscal year.

## 2 Do not list courses on your form unless you have the certificate of completion to back it up.

Don't add an item to your tracking spreadsheet until you have actually attended or fully completed it for credit. Add a checklist to your tracking spreadsheet where you can check off when you receive a certificate of completion. Don't add the hours for a course based on your calculation of an agenda. Instead, add the hours to your tracking spreadsheet after you see the hours awarded on your certificate of completion.

## 5 Review & submit your own registration.

It is the responsibility of the licensee to complete his/her own registration form, not your employer or your assistant. You are the licensee and you are responsible for the content of your registration that you must sign under penalty of perjury.

## 3 Keep your documentation in one place that you can get to easily.

In the digital age that may include remote working, store your certificates in a file that you can access from anywhere.

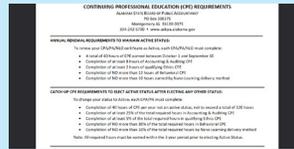
## 6 Ask before you report. When in doubt, reach out to the Board staff and ask.

If you are not sure if a certificate of completion is acceptable, ask. If you are not sure if the field of study for a course would be accepted for ethics or A&A or behavioral, ask. If you have a question about the number of hours that should be reported, ask. If you took a course from a different vendor than usual and are unsure if the course will qualify for CPE, ask. Don't wait until you are in the CPE audit to find out if you are in compliance with the CPE Rules. If you are unsure, email Nicole Robinson, the CPE Administrator, with any of these questions.

# CPE RULES & RESOURCES



The full [CPE Rules](#) can be found on our website.



[CPE Quick Guide](#) is a shortcut for basic CPE requirements.



[CPE Approval Request Form](#) – This form can be used by sponsors or attendees to make sure that a course will qualify for CPE.



[Catch-up CPE Form](#) – This form is used for anyone who wishes to change status from Inactive or Retired status to Active status.

[NASBA's Registry of CPE Sponsors](#) – This is a searchable list of organizations who have been reviewed as acceptable sponsors of CPE programs by NASBA (National Association of State Boards of Accountancy). Alabama will accept CPE programs from NASBA Registry Sponsors without further review.

## NEW ALABAMA CPAS CERTIFIED JANUARY – APRIL 2021

Ryan Russel Childers  
 Andrew Michael Cornwell  
 Madeline Green Higginbotham  
 Kara Elaine Jones  
 Laura Jacqueline Wilbanks  
 Nicholas Newman Jefferson  
 Jeffrey Michael Kintz  
 Charles Albert Moss IV  
 Mitchell Stephen Bain  
 Lena Katherine Barrett  
 Joseph Dylan Bice  
 Hannah Kay Carn  
 William Jamil Clayton  
 Margaret Elisabeth DuVall  
 Walker Jennings Gann  
 Rebekah Mercy Haas  
 Natalie Paige Herklotz  
 Anthony Michael LaMarca  
 Brittany Nicole Lambert  
 Mason Mathis Mathis  
 Patrick Alleln McKinney  
 Anna Kathryn Padgett  
 Bradford James Shaw  
 Keli Rebecca Simpler  
 Erika Kinard Sprouse  
 Grace Kayelynn Weitkamp  
 Eric Riley Yarbro  
 James Allen Conover  
 Allison Nicole Anello  
 Danielle Wilder Walker0  
 Maribeth Morgan West  
 William Ralph Hutson III

Ian Patrick McCommon  
 Bradley Franklin Nelson  
 Kenneth Everett Anderson  
 Sean Brian Egan  
 Dolores Crosson O'Hara  
 Charlsie Samantha Burden  
 Meagan Elizabeth Johnson  
 Andrew Taft Rhodes  
 Ann Frances Thomas  
 Michael Henry Baker  
 Lauren Elizabeth O'Connor  
 Jessica Skinner Skellett  
 Henry Charles Abbott  
 Levi Thomas Blalock  
 Jacob Tyler Darrow  
 Catherine Claire Hand  
 James Connor Kilgore  
 Erin Lashell Kilpatrick  
 Mary Beth Walker  
 Thomas Mitchell Wolfe  
 Zachary Jace Vines  
 Charles Allen Brand III  
 Gregory Arthur Folli

Cherie Bardwell Smith  
 Freddie Lee McClellan III  
 Jaime Elizabeth Lancellot  
 Anne Lloyd Bean  
 Brandi Lauren Holley  
 Michael Benjamin Pace  
 James Browning Allen III  
 Caleb Thomas Jones  
 Gregory Steven Mulhern Jr  
 Mark Francis Raczynski  
 Caroline Isabel Sandoval  
 Kimberly Ann Ward  
 Chase Stewart Couch  
 Kendra Marie Byford  
 Brennan Renee Donze  
 Bryant Lowell Horn  
 Meagan Noelle Nixdorf  
 James McRay Riner III  
 Lucas Christopher Wasilewski  
 Tam Ba Minh Vo  
 John Houston Blount  
 James Howard Vanoy Jr  
 Joseph Michael Vaughan

### UPCOMING BOARD MEETING DATES

All meetings will be held in Montgomery, Alabama at the Board office unless noted otherwise on the Board's website.

- July 16, 2021
- September 17, 2021





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Wilhelmus "Wim" J. Schaffers, CPA  
Birmingham

# STATE BOARD OF ACCOUNTANCY STAFF



D. Boyd Busby, CPA  
Executive Director  
(334) 242-5709  
boyd.busby@asbpa.alabama.gov



Amy G. Thompson  
Senior Accountant  
(334) 242-5707  
amy.thompson@asbpa.alabama.gov



Anna M. Baker  
CPA Exam Coordinator  
(334) 242-5706  
anna.baker@asbpa.alabama.gov



Nicole T. Robinson  
CPE Administrator  
(334) 242-5712  
nicole.robinson@asbpa.alabama.gov



Teresa R. Taylor  
Enforcement Coordinator  
(334) 242-5703  
teresa.taylor@asbpa.alabama.gov



April Bird  
Systems Administrator  
(334) 242-5704  
april.bird@asbpa.alabama.gov



Alise Ellis  
Executive Assistant  
alise.ellis@asbpa.alabama.gov

