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COLORADO STATE BOARD OF ACCOUNTANCY

LICENSE EXPIRATION DATE CHANGE FOR CPA FIRMS

In our continuing efforts to increase efficiency and improve our service to licensees and consumers, the CPA Firm license expiration date has been changed from May 31st every three years to August 31st every three years. Once you renew during this current cycle you will be issued a license that is good until August 31, 2014. From then on your CPA Firm license will expire on August 31st every three years.

AT WHAT POINT IS A FIRM REGISTRATION REQUIRED?

In the recent months, it has become clear that CPAs are creating separate legal entities such as partnerships, limited liability companies and corporations as public accounting firms that are properly registered with the Colorado Secretary of State; however, they are not properly registered with the Board of Accountancy.

There are a few key points that should help you determine if a firm registration is required:

- The firm is one of the following legal structures, partnership, LLP, limited liability company, LLLP, corporation, and there are either multiple CPAs or a single CPA.
- The CPA firm is organized solely for the purpose of practicing accountancy and only through or under the supervision of at least one person who holds a certificate to practice public accounting as a certified public accountant.
- The name of the CPA firm says "certified public accountant" or "certified public accountants,"

Below is the section of the rules that addresses practice names. It is rule 9.12.

- A Firm registered by the Board in compliance with Section 12-2-117, C.R.S. may use the name(s) of current, retired or deceased owners, either alone or with other descriptive terms, in its name.
- A Certificate Holder or Firm registered by the Board in compliance with Section 12-2-117, C.R.S. may use an assumed or trade name if it is in compliance with Colorado Law, is not misleading, and clearly indicates that the individual or entity is engaged in the Practice of Public Accounting as defined in Chapter 1.
- The designation "and company" or "and associates" will not be considered misleading when used in a practice name only when a Certificate Holder or Firm, registered by the Board in compliance with Section 12-2-117, C.R.S., has employees, professional associates, or contractual relationships with other professionals.

If you need to register a firm for the first time, please visit the following website and select the application for a firm: www.nasbatools.com/display_page?id=265

If you have questions about this section, please send us an email.

STAY INFORMED!

The Division wants to keep you informed of upcoming renewal, legislation, events and other information that impacts your profession. In order to do this more efficiently we have implemented "DORA eUpdates" and we look forward to providing more of these in the future. These eUpdates are sent to the email address in our licensing system for each active licensee. To update or add your email address, log into [Registrations Online Services](#). Please encourage all CPA's within your firm to update or add their email address.

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2010 SUNSET REVIEW OF THE BOARD OF ACCOUNTANCY:

You may have heard that in 2010 the Board of Accountancy had a sunset review completed. State agencies are reviewed according to a statutory review schedule and according to statutory criteria. A sunset review discusses whether the agency under review should be continued without changes, continued with changes or terminated.

Sunset reviews are based on the following statutory criteria:

- (I) Whether regulation by the agency is necessary to protect the public health, safety and welfare; whether the conditions which led to the initial regulation have changed; and whether other conditions have arisen which would warrant more, less or the same degree of regulation;
- (II) If regulation is necessary, whether the existing statutes and regulations establish the least restrictive form of regulation consistent with the public interest, considering other available regulatory mechanisms and whether agency rules enhance the public interest and are within the scope of legislative intent;
- (III) Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures and practices and any other circumstances, including budgetary, resource and personnel matters;
- (IV) Whether an analysis of agency operations indicates that the agency performs its statutory duties efficiently and effectively;
- (V) Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates;
- (VI) The economic impact of regulation and, if national economic information is not available, whether the agency stimulates or restricts competition;
- (VII) Whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession;
- (VIII) Whether the scope of practice of the regulated occupation contributes to the optimum utilization of personnel and whether entry requirements encourage affirmative action;
- (IX) Whether administrative and statutory changes are necessary to improve agency operations to enhance the public interest.

On July 1, 2010, there was a new law in effect for the Board of Accountancy which was approved by the Colorado Legislature during the 2010 legislative session. Additionally, the law was extended to July 1, 2019 where this process will be repeated again.

The 2009 Sunset Review report of the Colorado State Board of Accountancy was issued on October 15, 2009 and had 11 recommendations. To read the report and the recommendations in its entirety, please go to: www.dora.state.co.us/opr/archive/2009Accountancy.pdf

The recommendations were:

1. Continuing the regulation of certified public accounts and their firms until 2019.
2. Require 150 hours of education for all CPA licenses issued after June 30, 2015, and direct the Board to promulgate rules as to which subjects will qualify as satisfying this requirement.
3. Repeal the education in lieu of experience pathway to CPA licensure.
4. Expand the scope of acceptable experience required for licensure as a CPA.
5. Clarify that any disciplinary action taken by another jurisdiction or federal agency may serve as grounds for discipline by the Board.
6. Clarify that disciplinary actions taken by the PCAOB may serve as grounds for discipline by the Board.
7. Expand the Board's disciplinary authority over registered firms to include the full panoply of disciplinary tools it has at its disposal with respect to licensed CPAs.
8. Increase the Board's fining authority to \$5,000 against licensed CPAs and \$10,000 against registered firms, and allow the Board to impose a fine for each violation.
9. Repeal the Board's authority to issue a censure.
10. Modify title protection provisions.
11. Clarify that a candidate for licensure must pass the Uniform CPA Examination, in addition to other requirements. *This is more of a housekeeping issue to address awkward wording in the statute.*

PEER REVIEW BEGINNING IN COLORADO FOR THE 2014 RENEWAL PERIOD

As part of the sunset review changes, the Board of Accountancy revised its rules which became effective on **October 30, 2010**. One of the chapters that may be important to firms is the Peer Review chapter 8. [Click here](#).

REMINDERS FOR CPA FIRMS AND RESPONSIBLE PARTIES

As we enter into the 2011 renewal period for CPA firms, the Board would like to take this opportunity to provide a few reminders to all registered firms and responsible parties.

First, each firm must have a designated responsible individual. This person serves as the main contact and person responsible for the actions of the firm. This person must be a CPA who carries an ACTIVE license in this state. This person cannot have a license in any other status such as “retired, inactive, suspended, lapsed, or expired.” If the license status of your responsible individual changes to anything other than “ACTIVE,” a new person must be designated in writing within 30 days from the effective date of the change.

Pursuant to Rule B 1, in addition to notifying the Board of changes in the responsible individual, the Board must also be notified, in writing, of the following changes, within 30 days of the change:

- Location of the firm
- Additions or deletions in the places of business
- Dissolution of the firm
- Composition or structure of the firm
- Name of the firm
- Names of any partner, principle, shareholder, or member

Please remember to check the licenses of staff hired. This can be done online at www.dora.state.co.us/accountants. At the bottom of the home page, click on the “ALISON” link to verify a license or the “ROD” link to view documents of discipline. If a person you are searching for does not hold a license in this state, you will not find the name on ALISON.

HOW DOES THE BOARD INVESTIGATE AND RESOLVE COMPLAINTS?

Once a complaint is received, a letter is sent to the CPA firm or the CPA with a request to respond. Regardless of whether a response is received, the matter is placed on the Board’s agenda for consideration. If the Board determines that there is insufficient evidence to substantiate the allegations made in the complaint, the Board may dismiss the complaint. If the Board believes that the complaint rises to the level of a warning, a letter of concern will be issued and the record of that letter will remain on file for 5 years.

If additional information is needed, the Board will refer the matter to the Office of Investigations for additional fact finding. The evidence gathering phase of the case will continue. Division staff may continue to gather information until the Board is satisfied that sufficient information has been received so that the Board may make an appropriate decision. After reviewing all information received in the case, the Board may decide to impose disciplinary action. Such disciplinary action may include a variety of sanctions which may include but is not limited to a fine, probation, suspension, CPE or revocation.

When the Board has determined that a violation occurred, the matter is referred to the Office of Expedited Settlement where the respondent is offered settlement terms to settle the case. The majority of cases are resolved through Stipulated Orders because the process allows the respondent an opportunity to have more input into the discipline and gives the Board more latitude in achieving a balanced resolution.

If a settlement cannot be reached, the matter is referred to the Office of the Attorney General where a hearing is scheduled with the Office of Administrative Courts. At the Hearing, any parties involved in the matter may be asked to appear and testify, under oath. Based on the testimony and evidence presented during the Hearing, an Initial Decision is issued by an Administrative Law Judge. That Initial Decision is later reviewed by the Board based on specific legal parameters and the Board may issue a Final Agency Order.

HOW ARE RENEWAL FEES SET?

By law, the Board must operate strictly with funds collected from the persons it regulates, with no support from the State’s General Fund. The Colorado Legislature determines the budget for the Board. Once the Legislature sets the budget, the money must be raised through fees. The good news is that these fees are evaluated each year. Therefore, they are modified depending on how much money is anticipated to be received through the registration and renewal processes and what the anticipated expenditures are expected to be. The primary obligation is to protect consumers and the operations of the Board are focused to ensure it can work diligently to do so.

POLICIES 10-03 and 10-06 REPEALED

At the Board’s December 8, 2010 meeting, it repealed these two policies that addressed timely filing of applications for firm registrations and the timely filing of reciprocity applications. Some applicants thought that they could come to this state and begin calling themselves CPAs or a CPA firm and begin performing services without actually holding the certificate or the registration to do so.

These policies were not intended to allow CPA’s or firms to practice in this state without a certificate or a firm registration. If someone’s principal place of business is another state that is a matter that is covered by Chapter 11 of the Board rules.

CPA FIRMS RENEW YOUR REGISTRATION ON TIME!

You may renew your registration online using Registrations Online Services. Renewals are generally made available 6 to 8 weeks prior to the registration expiration date. After that there is a 60-day grace period. That means you typically have a timeframe of 16 weeks within which to renew your registration!

Any registration not renewed prior to the end of the grace period will be considered expired. Once a registration is in expired status, a reinstatement application must be completed and returned to our office with the appropriate fee listed on the form.

If you do not renew your registration prior to the end of the grace period and continue to practice, you will be practicing on an expired registration and may be subject to disciplinary action. The Division sees a number of situations every year of individuals who have failed to renew their registration on time and practiced without a registration. The reasons that are offered boil down to some common themes: I forgot; I moved and I forgot to notify the Board so I never got the renewal notice; I thought that my assistant/ secretary/spouse/boyfriend, et cetera, handled it; it's the Board's fault because I *did* renew my registration...or I *thought* I renewed my registration. The result is that depending on how long it takes for the individual to "remember" to renew, the Division often takes disciplinary action against the individual because it is against the law to practice without an active registration.

So, here's where we need your help. The steps are as easy as 1-2-3!

1. Go to the Division of Registrations website at www.dora.state.co.us/registrations and click on Registrations Online Services to renew your registration.
2. Note the expiration date in your calendar to remind yourself of when it is time to renew your registration the next time.
3. Make sure that the address listed on your record is accurate. If it is not, then update your address with the Division. Remember to update your address anytime that you move so that you do not miss out on any important notices from the Division.

Remember, it is each registrant's responsibility to renew his or her registration on time. With our online system, you can handle all of this yourself, any time, day or night.



REGISTRATIONS ONLINE DOCUMENTS

If you would like to view a board action you may use the **Registrations Online Documents (ROD)**. ROD is a website that makes certain scanned documents related to board actions taken on licensees available to the public via the Internet. The document may be found on ROD if a licensee has been disciplined or if the board has taken some other non-disciplinary action against the licensee that restricts or limits the individual's license.

The following documents are available via ROD:

- All Stipulations, Final Agency Orders, and Suspensions that were in effect in February 2000 plus any that became effective since that date. Child Support Suspensions are not available online but may be obtained by contacting the appropriate board/program.
- Any document Revoking or agreeing to a Voluntary Relinquishment/Surrender of license or registration, Cease and Desist Orders and Letters of Admonition from January 1, 1999 to the present.
- All Injunctions.

[Click here](#) for more information about the types of documents provided by this online system and definitions of terms used within the disciplinary documents.

If you are interested in viewing these documents, please visit www.dora.state.co.us/registrations/ROD.

BOARD ENFORCEMENT ACTIVITY

These actions to enforce the statutes and rules and were taken by the Board of Accountancy. In accomplishing these actions, the Board is assisted by the Office of Investigations and the Office of Expedited Settlement, both within the Division of Registrations; and the Office of the Attorney General.

To view a list of Board Actions [click here](#).