

Continuing Professional Education Requirements of the National Society of Accountants

Pursuant to the bylaw amendments adopted by the National Council of Delegates at the August, 1992 Annual Convention, all Active members of the National Society of Accountants must complete continuing professional education (CPE) to maintain Active Membership.

Here are the policies to follow for compliance with NSA's CPE membership requirement. The requirement may be satisfied with a wide variety of continuing education formats and topics. When Active Members receive their annual dues statements, they will be asked to affirm that they are in compliance with the requirement for the proceeding calendar year and, at the end of each triennial period, for the three year reporting cycle.

Members will not be required to send proof of the CPE programs attended, unless they are among those randomly selected for audit and asked to document their CPE hours. Members who are already in compliance with a state licensing or state society membership requirement or in compliance with the Accreditation Council for Accountancy and Taxation (ACAT), American Institute of Certified Public Accountants (AICPA), Internal Revenue Service (IRS) as an Enrolled Agent will need only to submit a photo-copy of the report they filed with those organizations. Other members must submit the information called for in the policies. A form that can be used to organize the CPE information will be provided to those members who are selected to document their compliance with this requirement.

I. GENERAL

- a. **Purpose:** Members of the National Society of Accountants are expected to maintain high standards of professional competence. To that end, continuing professional education in quality programs is required. Members will have wide latitude in selecting continuing education programs, which are appropriate to their professional activities.
- b. **Requirement:** The NSA Bylaws impose a minimum of 72 CPE hours in each three-year reporting cycle, with at least 16 CPE hours in any one year, for all Active Members.
- c. **Effective Date: these policies will apply to all Active Members and became effective January 1, 1993. Reporting cycles will be three years, with the sixth cycle commencing January 1/1/2009 and ending 12/31/2011.**
- d. **Failure to Meet CPE Requirements:** Failure to meet the mandatory 72 hours CPE requirement in any three-year cycle will result in the loss of Active membership in NSA.

Failure to complete at least 16 hours of CPE credit in any one year will result in the member being placed on temporary probation status until such time as the minimum CPE requirement is satisfied.

II. BASIC REQUIREMENTS

- a. **Who Must Comply:** All Active Members of NSA are subject to the CPE requirement. This specifically exempts all Associate Members (including Retired, Student, Educator, International and Firm Members).
- b. **Compliance Rules:** Active Members shall be deemed in compliance with the CPE policy if they complete at least 16 CPE hours in any one year and complete 72 CPE hours in each three-year reporting cycle.
- c. **New Members:** Those members joining NSA on or after January 1, 2009, are granted a waiver of the CPE requirement for the year in which they join, and the total CPE hours required during the reporting cycle is adjusted accordingly.

For example, a member joining January 1, 2009 (year one of the triennial cycle) shall have no mandatory CPE requirement for 2009. The member's CPE requirement for the remaining two-thirds of the cycle will be a minimum of 48 hours, with no fewer than 16 hours in each remaining year. Similarly, a member joining in 2010 (year two of the cycle) will have no requirement for 2010 and will be required to complete 24 CPE hours during the remaining one-third of the cycle.

CPE hours earned during the initial year of membership may be counted toward the total required for the cycle, even though such hours are not required in that year.

- d. **Reinstatement:** Individuals applying for reinstatement of membership will Not receive a waiver of the CPE requirement for the year in which they are reinstated.
- e. **Grace Period:** Any member who has not completed the required number of CPE hours during a three-year reporting cycle will be allowed the four months immediately following the end of such cycle to make up the deficiency. Hours taken during this four-month grace period and credited toward a deficiency in a prior reporting cycle may not be counted toward the annual minimum requirement of the educational year in which they are taken. CPE hours may only be counted once.
- f. **Reporting:** Active Members must report annually their compliance with the CPE requirement by indicating on the annual NSA dues statement that the requirement has been met.
- g. **Documentation and Records Retention:** NSA Members bear the ultimate responsibility for documenting that they have complied with the CPE requirement. Evidence of satisfactory completion of educational programs should be maintained for a minimum of four-years after completion. For each CPE program completed, members should be able to document:

1. Sponsor
2. Title and description of content
3. Date(s)
4. Location
5. Number of CPE contact hours

III. QUALIFYING PROGRAMS

- a. **Selection of Educational Experience:** Members have wide latitude in selecting continuing professional education suitable to their professional activities. The underlying principle is that all programs should contribute to the member's professional competence. However, professional competence is to be broadly interpreted. It includes, but is not restricted to, accounting, auditing, taxation and advisory services. Programs contributing to the development and maintenance of other professional skills are also recognized as acceptable CPE programs. Such programs might include, but are not restricted to, the areas of communication, ethics, quantitative methods, behavioral sciences, statistics and management. Members have the option of selecting programs that relate to their specific practice. For more detailed information about qualifying programs, please contact the NSA Department of Education Programs.
- b. **Approved Sponsors:** Members may participate in CPE programs sponsored by a large number of organizations including, but not limited to: NSA, NSA-affiliated societies, other professional associations, colleges and universities and approved commercial CPE sponsors who are registered with the national Association of State Boards of Accountancy as a CPE sponsor are also approved. Service as an instructor in a CPE program or as an author of a CPE course may qualify when it increases the individual's professional competence.

The credit allowed as an instructor, speaker or discussion leader would be on the basis of two hours of subject preparation for each one hour of teaching for the initial presentation. Thus, each hour of presentation will qualify for 3 hours of CPE. For repeat presentations, instructors will receive no CPE credit unless it is demonstrated that the subject matter was changed sufficiently to require significant additional study or research. The maximum credit for preparation and presentation will be limited to 50% of the total CPE requirement for any three-year reporting cycle.

Credit allowed for publishing articles and books will be granted, hour for hour, based on the declaration of time spent by the author. CPE credit for such published authorship will be limited to 25% of the CPE requirement for any three-year reporting cycle.

- c. **Measurement of Credit:** CPE credit should be measured in whole hours and claimed only for the time a group study program is actually attended. (CPE credit is measured in 50 minute "contact hours") CPE credit for self-study programs is recommended by the sponsor and must be documented by a certificate or other evidence of completion.

Ultimately, the CPE credit claimed is the responsibility of the individual member. Each member must claim credit only for the formal learning programs actually completed and which increased the member's professional competence.

IV. EXCEPTIONS

- a. **General:** Members may request a waiver of the CPE requirement if they are prohibited from fulfilling the requirement for reasons of health or hardship as detailed below.

- b. **Health:** The request should include the nature of the illness, the name and address of the attending physician and the reason the illness prohibits fulfillment of the requirement
- c. **Hardship:** The request should include the nature of the hardship and the reason why it prohibits the member from fulfilling the CPE requirement. The Executive Committee of NSA will determine hardship situations on a case-by-case basis.

V. **AUDITS OF CPE**

- a. NSA will verify compliance on a random basis. The extent and scope of such examination will be determined and administered by NSA.

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