

Colorado CPAs: Ethics CR&R

Designed specifically for Colorado CPAs, this course walks through the key legal and regulatory frameworks governing CPA practice in the state. You'll explore the Colorado Revised Statutes, the Rules of the Colorado State Board of Accountancy, and Board Policy Statements through practical case studies covering topics like holding out, professional misconduct, integrity, competence, client records, and fee arrangements. If you need to meet Colorado's ethics CPE requirement and want real-world context for the rules, this course delivers exactly that.

CREDIT HOURS 2 | FIELD OF STUDY ETHICS | EXAM QUESTIONS 10

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LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Recall the Board's peer review requirements.
- Identify requirements and restrictions of active and inactive Colorado certificants.
- Recognize the requirements of renewal for certificate holders.
- Identify the permissible subject areas for continuing professional education.
- Recall the revised CPE requirement regarding excess CR&R hours.

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INTRODUCTION

Chapter Objective

After completing this chapter, you should be able to:

- Recall the Board's peer review requirements.

COLORADO STATE BOARD OF ACCOUNTANCY

The State Board of Accountancy regulates the profession of certified public accountants, including both individuals and public accounting firms. The practice of public accounting includes the issuance of reports on financial statements, management advisory or consulting services, preparation of tax returns and furnishing advice on tax matters.

Its mission is consumer protection.

The Colorado State Board of Accountancy website (www.dpo.colorado.gov/Accountancy) is an excellent source of information. Not only does it provide the laws, rules, and policies to be followed by all Colorado certified public accountants, but also provides license renewal information, CPE information, news from the Board, disciplinary action information, Board contact information, and more. We suggest you bookmark this website for quick access to answers to questions you may have regarding your license.

HOW THIS COURSE IS ORGANIZED

Because it is designed as a two CPE hour course, the course focuses on the actual Colorado rules. These “rules” have three sources:

Chapter 1: Colorado Revised Statutes – this is the law the legislature wrote. It is often vague and leaves much room for interpretation.

Chapter 2: Rules of the Colorado State Board of Accountancy – these rules were drafted by the Board in order to interpret and clarify the statutes. The rules are based on the statutes but are generally more meaningful because they explain the statute and enumerate special actions which are allowed or prohibited. The rules were adopted only after public hearings and comment.

Chapter 3: Policies of the Colorado State Board of Accountancy – the policies simply detail how the Board carries out the requirements of the statutes and rules. The policies generally are not of much interest to most CPAs.

CONTINUING EDUCATION REQUIREMENTS AND ADDITIONAL INFORMATION

All Certified Public Accountants (CPA's) holding an Active certification with DORA must regularly complete Continuing Professional Education (CPE) to practice accountancy with that certificate. Effective immediately upon certification, CPA's accrue 10 hours of CPE for every full calendar quarter their certificate is active during the Board's reporting period.

- The reporting period is a two-year window from January 1 of an even-numbered year through December 31 of an odd-numbered year.
- A full reporting period equates to 80 hours of CPE.
- Of the hours of CPE, 4 hours MUST BE in Ethics. Of which 2 hours may be in Colorado Rules and Regulations (CR&R). For the purpose of CPE, Behavioral Ethics will not be considered Personal Development.
- No more than 20% of CPE can be in Personal Development, as defined by the NASBA Fields of Study for CPE Guide. (Subjects related to personal development include, but are not limited to Career Planning, Leadership, Time Management).
- Though CPE hours are accrued each quarter, they may be completed at any time during the reporting period.
- The due date to complete the required CPE hours is every December 31 in odd years.
- The current reporting period runs from January 1, 2026 through December 31, 2027.

Audits of compliance are conducted after each renewal reporting period.

PEER REVIEW REQUIREMENTS

A. Background

In 2010, the Colorado legislature changed the Accountancy statutes enacting mandatory peer review requirements of CPA firms in Colorado. Please note that the effective date for peer review is referenced in Rule 1.8.

During renewal, CPA firms are required to provide an affirmative attestation that the firm is either subject to peer review or exempt from peer review. Pursuant to §12-100-114, C.R.S. and the Rules of the Board of Accountancy, Chapter 1.8, every firm that issues attest or compilation reports must undergo a peer review.

By Colorado law, you are not required to submit copies of any peer review related documents unless the Colorado State Board of Accountancy specifically requests them. For more information on the Colorado mandatory peer review requirements, effective for firm registration renewals, please refer to the Accountancy Rules, Chapter 1.8.

B. Definition of A&A Practice

An accounting and auditing practice for the purposes of the Peer Review standards is: ALL (even one) engagements performed under Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARS), Statements on Standards for Attestation Engagements (SSAEs), Government Auditing Standards (the Yellow Book) issued by the U.S. Government Accountability Office, and engagements performed under Public Company Accounting Oversight Board (PCAOB) standards.

Engagements covered in the scope of the program are those included in the firm's accounting and auditing practice that are not subject to PCAOB inspection.

C. Examples of Engagements

The most common examples of engagements requiring a peer review are:

- Audits (SAS, PCAOB, Yellow Book)
- Reviews (SSARS)
- Compilations, with or without disclosures, where a report is or should be issued (SSARS)
- Agreed-upon procedures engagements (SSAE)
- Services Organization Controls (SOC) engagements (SSAE)
- Examination and compilations of prospective financial statements (SSAE)

One exception to the above listing is Statement on Standards for Accounting and Review Services (SSARS) No. 19, *Compilation and Review Engagements* (AICPA, *Professional Standards*, AR sec. 80). This includes compilations of financial statements where, in very specific situations, the accountant may document his or her understanding with the entity through the use of an engagement letter instead of issuing a compilation report. This approach is only available when the accountant submits unaudited financial statements to his or her client that are not expected to be used by a third party (in other words, compilation for management's use only). If the firm performs only these engagements and meets the requirements mentioned in SSARS, it is not subject to peer review.

D. Peer Review Submissions

By Colorado law, you are not required to submit copies of any peer review related documents unless the Colorado State Board of Accountancy specifically requests them. For more information on the Colorado mandatory peer review requirements, effective for firm registration renewals, please refer to the Accountancy Rules, Chapter 1.8.

INTRODUCTION: TEST YOUR KNOWLEDGE

The following question is designed to ensure that you have a complete understanding of the information presented in the chapter (assignment). It is included as an additional tool to enhance your learning experience, and does not need to be submitted in order to receive CPE credit.

We recommend that you answer the question and then compare your response to the suggested solutions on the following page(s) before answering the final exam questions related to this chapter (assignment).

- 1. Which of the following is correct regarding the CPE requirements:**
 - A. the reporting period for reporting CPE is December 31 of every year
 - B. Colorado CPAs must complete 60 hours of CPE in every reporting period
 - C. a maximum of 24 hours of CPE may be in Personal Development during a reporting period
 - D. four hours of CPE in ethics is required for those actively licensed during the entire reporting period

Review Question Responses

1. Which of the following is correct regarding the CPE requirements:

- A. the reporting period for reporting CPE is December 31 of every year

Incorrect. A reporting period for CPE is a two year period from January 1st on an even-numbered year through December 31st of the odd-numbered year.

- B. Colorado CPAs must complete 60 hours of CPE in every reporting period

Incorrect. A full reporting period equates to 80 hours of CPE.

- C. a maximum of 24 hours of CPE may be in Personal Development during a reporting period

Incorrect. No more than 16 hours may be in Personal Development, as defined in the NASBA Fields of Study.

- D. four hours of CPE in ethics is required for those actively licensed during the entire reporting period

CORRECT. Up to two of the four hours may be in Colorado Rules and Regulations. (See page 2 of the course material.)