

**RULES
OF
DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF REGULATORY BOARDS
TENNESSEE STATE BOARD OF ACCOUNTANCY**

**CHAPTER 0020-05
CONTINUING EDUCATION**

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0020-05-.01 DEFINITIONS.

- (1) For the purpose of this Chapter, unless the context otherwise requires:
- (a) Continuing professional education (CPE) hours and CPE credits shall be considered synonymous;
 - (b) "License holder" means a certified public accountant or public accountant who holds a license as defined in Rule 0020-01-.01(1)(j).
 - (c) "Technical fields of study" shall be considered technical subjects that contribute to the maintenance and/or improvement of the competence of a CPA in the profession of accountancy and that directly relate to the CPA's field of business. These fields of study include, but are not limited to:
 - 1. Accounting;
 - 2. Accounting (Government);
 - 3. Auditing;
 - 4. Auditing (Government);
 - 5. Business Law;
 - 6. Economics;
 - 7. Finance;
 - 8. Information Technology;
 - 9. Management Services;
 - 10. Regulatory Ethics;
 - 11. Specialized Knowledge;
 - 12. Statistics; and
 - 13. Taxes.

(Rule 0020-05-.01, continued)

- (d) “Non-technical fields of study” shall be considered subjects that contribute to the maintenance and/or improvement of the competence of a CPA in areas that indirectly relate to the CPA’s field of business. These fields of study include, but are not limited to:
 - 1. Behavioral Ethics;
 - 2. Business Management & Organization;
 - 3. Communications and Marketing;
 - 4. Computer Software & Applications;
 - 5. Personal Development;
 - 6. Personnel/Human Resources; and
 - 7. Production.
- (e) “Blended learning program” means an educational program incorporating multiple learning formats.
- (f) “Group program” means any live or internet-based group program.
- (g) “Independent study” means an educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.
- (h) “Nano-learning program” means a tutorial program designed to permit a participant to learn a given subject in a ten-minute timeframe through the use of electronic media and without interaction with a real-time instructor. A nano-learning program is typically focused on a single learning objective and is not paper-based.
- (i) “Self-study program” means an educational program completed individually without the assistance or interaction of a real-time instructor.

Authority: T.C.A. §§ 62-1-105(e)(3), 62-1-107, 62-1-108(a)(1)(C)(i), 62-1-109(c), and 62-1-111 and Chapter No. 443 of the Public Acts of 1989, Section 15. **Administrative History:** Original rule filed September 8, 1981; effective October 23, 1981. Amendment filed June 30, 1988; effective August 14, 1988. Amendment filed August 5, 1991; effective September 19, 1991. Amendment filed November 15, 1991; effective December 30, 1991. Amendment filed April 20, 1994; effective July 4, 1994. Amendment filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendments filed June 6, 2019; effective September 4, 2019.

0020-05-.02 PURPOSE.

- (1) The Tennessee Accountancy Act of 1998 mandates compliance with continuing education requirements as a prerequisite for renewal of licenses issued by the Board. The purposes of this chapter are to prescribe the basic continuing education requirements for present and future license holders; to establish standards by which continuing education programs will be evaluated for awarding of credit; and to assure compliance with the Act by requiring periodic reporting of educational achievements.

Authority: T.C.A. §§ 62-1-105, 62-1-107, 62-1-108, 62-1-109, and 62-1-111. **Administrative History:** Original rule filed September 8, 1981; effective October 23, 1981. Amendment filed June 30, 1988; effective August 14, 1988. Amendment filed August 5, 1991; effective September 19, 1991. Amendment

(Rule 0020-05-.02, continued)

filed May 11, 1995; effective July 24, 1995. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006.

0020-05-.03 BASIC REQUIREMENTS.

- (1) A license holder seeking regular biennial renewal shall, as a prerequisite for such renewal, show that he or she has completed no less than eighty (80) hours of qualified continuing professional education during the two (2) year period immediately preceding renewal, with a minimum of twenty (20) hours in each year with specifications as follows:
 - (a) All license holders shall complete at least forty (40) hours in technical fields of study;
 - (b) All license holders shall complete a board-approved two (2) hour state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics;
 - (c) License holders engaged in the attest function, shall biennially complete at least twenty (20) hours in the subject areas of attest and accounting theory and practice in fulfilling the above requirements;
 - (d) License holders engaged to testify in a Tennessee court(s) as expert witnesses in areas of accounting, attest, management services, or tax shall have completed, within the current or most recent renewal period, at least twenty (20) hours in the subject area(s) (as noted in this paragraph) concerning such expert testimony; and
 - (e) Up to twenty-four (24) CPE hours taken in excess of the eighty (80) hour requirement for each two (2) year period may be applied to the requirement of the next succeeding two (2) year renewal cycle. License holders must submit certificates of completed CPE courses which will be used for carry forward as requested by the Board. Failure to do so will result in the disallowance of carry-forward hours.
- (2) A license holder seeking to renew an initial certificate issued less than two (2) years but more than one (1) year prior to expiration must provide evidence of having completed at least forty (40) hours of continuing education, of which twenty (20) hours shall be in technical fields of study. Of the forty (40) hours required, at least two (2) hours shall consist of a board-approved state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics. Up to twelve (12) CPE hours taken in excess of the forty (40) hour requirement for the initial licensing period may be applied towards the requirement of the next succeeding two (2) year renewal. Licensees seeking to renew an initial certificate issued less than one (1) year prior to expiration will be exempt from CPE requirements for that renewal period.
- (3) Upon application supported by such evidence as the Board may require, those licensees not practicing in Tennessee, who do not perform or offer to perform for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters, may be exempted from any continuing professional education requirements provided that:
 - (a) For purposes of disciplinary action, the board shall retain jurisdiction over all certificate holders whose license is in inactive status.
 - (b) Certificate holders who are granted inactive status by the board shall be required to place the word "inactive" adjacent to their CPA or PA designation when using such

(Rule 0020-05-.03, continued)

designation for any lawful purpose, including, but not limited to use of such designation on any business card, letterhead, resume, or biography.

- (c) A certificate holder who has been granted inactive status may not for compensation perform or offer to perform for the public, including the providing of any accounting service from a licensed accounting firm, any of the following services: any accounting or auditing service which involves the issuance of reports on financial statements (including opinions, reviews, compilations, or attest engagements), any consulting engagement which would constitute the attest function, or furnishing advice on tax matters.
 - (d) A certificate holder who has been granted inactive status may perform the services set forth in (c) above if:
 - 1. The services are provided without compensation to the certificate holder;
 - 2. The services are performed solely for the certificate holder's employer and such employer is not a licensed accounting firm; or
 - 3. The certificate holder does not use the CPA or PA designation in association with his or her name while providing such lawful services.
 - (e) A certificate holder who is 65 years old or older and possesses a certificate in inactive status shall not be required to pay the biennial license renewal fee required for licensees as set forth in these rules.
 - (f) Certificate holders who are granted inactive status must complete eighty (80) hours of CPE in technical fields of study during the twenty-four (24) month period preceding the date of their request for reactivation of their license. Of the eighty (80) hours required, at least two (2) hours shall consist of a board-approved state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics. The CPE hours required to reactivate a license may also be used as credit toward the renewal requirement so long as those hours are completed within the two (2) year window prior to the licensee's next December 31 renewal date.
- (4) Licensees who surrender their licenses in good standing may reactivate a license by complying with the requirements of rule 0020-05-.03(3)(f).
 - (5) Upon application supported by such evidence as the Board may require, licensees disabled for more than six (6) months or in active military service may be exempted from payment of a license renewal fee and/or CPE requirements so long as they do not practice public accountancy or offer accounting services to the public.
 - (6) An applicant for renewal whose license has expired as set forth in Rule 0020-01-.08(7) shall complete no less than eighty (80) hours of CPE in technical fields of study during the six (6) month period preceding the date of reapplication. Of the eighty (80) hours required, at least two (2) hours shall consist of a board-approved state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics. The CPE hours required to reinstate an expired license are considered penalty hours and may not be used to offset the CPE hours required for renewal of a license.
 - (7) A non-resident licensee seeking renewal of a license in this state shall meet the CPE requirement of this rule by meeting the CPE requirements for renewal of a license in the state in which the licensee's principal office is located.

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- (a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal office is located by signing a statement certifying to that effect on the renewal application of this state.
- (b) If the state in which a non-resident licensee's principal office is located has no CPE requirements for renewal of a license, the non-resident licensee must comply with all CPE requirements for renewal of a license in this state.
- (c) If the state in which a non-resident licensee's principal office is located does not require a course in ethics, the non-resident licensee shall complete the ethics requirement for this state as set forth in rule 0020-05-.03(1)(b).

Authority: T.C.A. §§ 62-1-105, 62-1-107, and 62-1-111. **Administrative History:** Original rule filed August 5, 1991; effective September 19, 1991. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 26, 2012; effective June 24, 2012. Amendments filed December 11, 2013; effective March 11, 2014. Amendments filed June 6, 2019; effective September 4, 2019. Amendments filed July 8, 2021; effective October 6, 2021.

0020-05-.04 QUALIFYING PROGRAMS.

- (1) In order to qualify for credit toward satisfaction of the requirements of Rule 0020-05-.03, a continuing education program must be a learning opportunity that contributes to the licensee's knowledge, ability, and/or competence to perform his or her professional responsibilities.
- (2) The following learning activities shall qualify for CPE credit:
 - (a) A learning activity that complies with the Statements on Standards for Continuing Professional Education Programs jointly approved by the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), and is coordinated and presented by a qualifying CPE program sponsor as set forth in Rule 0020-05-.05. The sources of qualifying learning activities include, but are not limited to, the following:
 - 1. Group Programs;
 - 2. Self-Study Programs;
 - 3. Blended Learning Programs;
 - 4. Nano-Learning Programs;
 - 5. Instructor/Developer of CPE programs in 1. through 4. above or in (b) or (d) below;
 - 6. Technical Reviewer of CPE programs in 1. through 4. above or in (b) or (d) below; and
 - 7. Independent Study.
 - (b) A college or university course that is coordinated and presented by a qualifying university or college as set forth in Rule 0020-05-.05(3)(b) in a technical or non-technical field of study;

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- (c) Participation and work on a technical committee of an international, national, or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in technical fields of study;
 - (d) A group learning activity that is coordinated and presented as an organized in-firm or in-house (includes any company that gives training for their employees and others) educational program for employees and others without charge; and
 - (e) Programs of other organizations (accounting, industrial, professional, etc.) recognized by the Board.
- (3) Programs requiring attendance may be considered for credit if:
 - (a) An outline is prepared and preserved;
 - (b) The program is at least one (1) credit hour [one (1) credit hour = fifty (50) minute period];
 - (c) The program is conducted by a qualified instructor, discussion leader, or lecturer; and
 - (d) A record of registration or attendance is maintained.
- (4) Formal correspondence or other self-study programs, including those administered via computer which require registration and provide evidence of satisfactory completion, may qualify for continuing education credit. Such programs, excluding those offered by the AICPA and state CPA societies, must be approved by the Board or its designee, NASBA's National Registry of CPE Sponsors.
- (5) Continuing education credit will be allowed for service as an instructor/developer, discussion leader, or speaker, at any program for which participants are eligible to receive continuing education credit. Credit for such service will be awarded on the first presentation only, unless a program has been substantially revised. An instructor/developer may receive CPE credit for actual preparation time up to two (2) times the number of CPE credits to which participants would be entitled, in addition to the time for presentation; however, credit hours awarded under this paragraph shall not exceed fifty percent (50%) of the total number of credit hours required by this chapter within any two (2) year period. A licensee who receives credit for services as an instructor/developer, discussion leader, or speaker of a CPE course cannot also receive credit for attendance at the same or substantially same course that the licensee served as an instructor/developer, discussion leader, or speaker within the preceding twelve month period.
- (6) In the board's discretion, continuing education credit may be allowed for writing articles and books, provided that their preparation contributes to the professional competence of the license holder. Credit for such preparation may be awarded on a self-declaration basis of up to fifty percent (50%) of the two (2) year continuing education requirement. Acceptable evidence may include a copy of the publication that names the licensee as author or contributor; a statement from the licensee supporting the number of CPE credits claimed; and the name and contact information of the independent reviewer(s) or publisher. Additional credit may be awarded in exceptional circumstances, upon the written request of the license holder, accompanied by a copy of the article(s) or books(s) and a statement of justification. No credit shall be given for unpublished book(s) or article(s).
- (7) Continuing education credit may be allowed for the reading of professional journals and the taking of an examination related thereto. Credit hours obtained under this paragraph are limited to twenty percent (20%) of the total number of credit hours required by this chapter

(Rule 0020-05-.04, continued)

within any two (2)-year period and may not be used to meet the requirements of subparagraphs (1)(a), (b) and (c) of Rule 0020-05-.03.

- (8) CPE credit may be allowed for the successful completion of exams for Certified Management Accountant (CMA), Certified Information Systems Auditor (CISA), as well as other similar exams approved by the Board. Credit will be awarded at a rate of five (5) times the length of each exam taken and limited to fifty percent (50%) of the total CPE required under Rule 0020-05-.03.
- (9) To receive credit, any program of continuing education not specifically covered by this rule must be approved by the Board before completion of the course. A licensee, once per reporting period, may submit for approval up to sixteen (16) hours of CPE from courses that are sponsored by organizations that are not registered with NASBA, and are either offered on a limited basis or industry specific. A licensee will not receive credit for attending/completing a program that was not timely approved by the Board in accordance with Rule 0020-05-.04(9).
- (10) The Board specifically reserves the right to approve or disapprove credit for all continuing education claimed under this rule.
- (11) Acceptable evidence for completion of qualifying learning activities shall include the following:
 - (a) For program or courses as set forth in Rule 0020-05-.04(2)(a) and (b), acceptable evidence should include a certificate of completion or transcript issued by the qualifying CPE program sponsor.
 - (b) For programs or courses set forth in Rule 0020-05-.04(2)(d) and (e), acceptable evidence should include a certificate of attendance supplied by the program sponsor.
 - (c) For activities set forth in Rule 0020-05-.04(2)(c), acceptable evidence should include a certificate of completion supplied by the program sponsor or a written certificate of the licensee setting forth all of the following:
 - 1. The nature of the activity, including items discussed and the materials considered;
 - 2. The dates on which the learning activity occurred; and
 - 3. The number of CPE credits attributed to the learning activity.

Authority: T.C.A. §§ 62-1-105 and 62-1-107. **Administrative History:** Original rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 26, 2012; effective June 24, 2012. Amendments filed October 28, 2016; effective January 26, 2017. Amendments filed February 23, 2018; effective May 24, 2018. Amendments filed June 6, 2019; effective September 4, 2019.

0020-05-.05 SPONSORS.

- (1) Prior to offering continuing education program(s), a sponsor who is not exempt under this rule must register as follows:
 - (a) Those sponsors offering program(s) which total more than sixteen (16) hours per year or offering program(s) more than five (5) times per year must register with the NASBA National Registry of CPE Sponsors.

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- (b) Those sponsors offering program(s) which total sixteen (16) hours or less per year or offering program(s) five (5) times or less per year must:
 - 1. Register with the NASBA National Registry of CPE Sponsors, or
 - 2. Register with the NASBA Tennessee Roster of CPE Sponsors.
- (2) The sponsor of each continuing education program registered with the NASBA National Registry or Tennessee Roster of CPE Sponsors shall comply with all requirements set forth by NASBA in order to maintain such registration.
- (3) The following are exempt from registering with either the NASBA National Registry or Tennessee Roster of CPE Sponsors:
 - (a) Professional accounting organizations [e.g. AICPA, Tennessee Society of Certified Public Accountants (TSCPA), Tennessee Association of Accountants (TAA), Institute of Management Accountants (IMA), or other similar organizations approved by the Board];
 - (b) Universities or colleges recognized under Rule 0020-02-.01;
 - (c) Firms or other entities offering organized in-firm or in-house educational programs for their employees and clients without charge;
 - (d) Governmental entities.
- (4) The sponsor of any continuing education program approved or exempted from registration by the Board must advise attendees of such approval or exemption, and issue to attendees certificates of completion that include:
 - (a) Sponsor name;
 - (b) Date(s) of training;
 - (c) Title of program;
 - (d) CPE subject code;
 - (e) CPE credit awarded.
- (5) Those entities or organizations exempt from registration under paragraph (3) of this rule shall keep detailed records of the following for a period of five (5) years after the date of the presentation of the program:
 - (a) The date and location of the program presentation;
 - (b) The name of each instructor or discussion leader;
 - (c) A list of license holders attending each program presentation;
 - (d) A written outline of the program presentation; and
 - (e) The number of continuing education hours allowable.
- (6) Approval of any continuing education program may be withdrawn by the Board if the sponsor of such program fails to comply with these provisions.

(Rule 0020-05-.05, continued)

Authority: T.C.A. §§ 62-1-105 and 62-1-107. **Administrative History:** Original rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006.

0020-05-.06 CONTROL AND REPORTING SYSTEM.

- (1) Each license holder shall biennially, when making application for license renewal, submit on the prescribed form a signed statement setting forth the number of continuing education hours which he or she has completed during the reporting period. Such license holder shall retain documentation supporting such statement for at least five (5) years subsequent to the date of submission.
- (2) The Board will verify information submitted by license holders under this rule on a random basis.
- (3) If any continuing education hours claimed in a statement submitted by a license holder pursuant to paragraph (1) of this rule are disapproved, the Board shall notify such license holder of the reason for disapproval. The Board may allow a specified period of time, up to six (6) months, for correction of the deficiencies noted.
- (4) Each approved CPE course, program, or activity shall be measured by program length, with one fifty (50) minute period equal to one (1) CPE credit. Computation of CPE credits for qualifying CPE programs shall be as follows:
 - (a) For group programs, independent study, and blended learning programs, a minimum of one credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth (1/5) or one-half (1/2) increments.
 - (b) For self-study, a minimum of one-half (1/2) credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth (1/5) or one-half (1/2) increments.
 - (c) For nano-learning, the credit to be earned for a single nano-learning program is one-fifth (1/5) credit.
 - (d) For blended learning programs, CPE credit must equal the sum of the CPE credit determination for the various completed components of the program.
 - (e) A technical reviewer of qualifying CPE programs included in Rule 0020-05-.04(a)(5) may receive CPE credit for actual review time up to the actual number of CPE credits for the learning activity. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for technical reviewer CPE credit.
 - (f) For courses that are part of the curriculum of a university, college, or other educational institution as permitted in Rule 0020-05-.04(2)(b):
 1. Each semester hour credit shall equal fifteen (15) CPE credits, and each quarter hour shall equal ten (10) CPE credits; and
 2. For non-credit courses, CPE credit shall equal actual time in class.

Authority: T.C.A. §§ 62-1-105(e)(3) and 62-1-107. **Administrative History:** Original rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003.

0020-05-.07 EXTENSION OF TIME.

- (1) The Board may, upon written request, extend the time up to six (6) months within which license holders must comply with the requirements of this chapter for reasons of poor health, military service, foreign residence or other good cause.
- (2) Any license holder who requests or is granted an extension of time under this rule shall remain subject to rule 0020-05-.06, and shall note such extension on any report required thereunder.
- (3) Requests for extension under this rule will be automatically denied if filed later than the December 31 biennial renewal deadline required by these rules.

Authority: T.C.A. §§ 62-1-105 and 62-1-107. **Administrative History:** Original rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendments filed June 6, 2019; effective September 4, 2019.

0020-05-.08 FAILURE TO MEET CPE REQUIREMENTS.

- (1) A penalty of (8) additional CPE hours will be assessed against those license holders who fail to timely complete the eighty (80) hour two (2) year minimum required by Rule 0020-05-.03, unless an extension of time under Rule 0020-05-.07 is granted by the Board.
- (2) A penalty of eight (8) additional CPE hours will be assessed against those license holders who fail to timely complete the forty (40) hour requirement in technical fields of study required by Rule 0020-05-.03, unless an extension of time under Rule 0020-05-.07 is granted by the Board.
- (3) A penalty of (8) CPE hours will be assessed against those license holders who fail to timely complete at least twenty (20) hours in each year of the biennial renewal period as required by Rule 0020-05-.03, unless an extension of time under Rule 0020-05-.07 is granted by the Board.
- (4) A penalty of (8) additional CPE hours will be assessed against those license holders who perform the attest function who fail to timely complete the twenty (20) hour requirement in the subject areas of attest and accounting theory and practice required by Rule 0020-05-.03, unless an extension of time under Rule 0020-05-.07 is granted by the Board.
- (5) A penalty of eight (8) additional CPE hours will be assessed against those license holders who fail to timely complete the two (2) hour state specific continuing professional education ethics course required by Rule 0020-05-.03, unless an extension of time under Rule 0020-05-.07 is granted by the Board.
- (6) A licensee who is assessed a penalty under this rule shall complete such penalty and shall submit proof of completion of such penalty to the Board no later than one hundred and eighty (180) days from the date the Board notifies the licensee of the deficiency.

Authority: T.C.A. §§ 62-1-105, 62-1-107, and 62-1-111. **Administrative History:** Original rule filed June 10, 1999; effective August 24, 1999. Repeal and new rule filed February 11, 2015; effective May 12, 2015. Amendments filed June 6, 2019; effective September 4, 2019.