

CHAPTER 1

Department of Labor, Licensing and Regulation— Board of Accountancy

(Statutory Authority: 1976 Code §§ 40-1-70 and 40-2-70)

1-01. General Requirements for Licensure as a CPA.

A. Completed application for licensure shall be submitted on forms provided by the Board. All fees must accompany the application.

B. In order for an application to be considered, it must be complete, and all questions must be answered.

C. The licensee candidate cannot earn qualifying experience for licensure until the licensee candidate has completed twenty-four (24) semester hours of acceptable accounting education as described in 40-2-35(E)(3)(a), including financial accounting, managerial accounting, taxation, and auditing, which must be taught at the junior level or above as required per 40-2-35(C)(1).

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-02. Examinations.

A. An applicant for examination may apply to the Board for accommodation(s) to complete the Uniform CPA Examination. The applicant bears the burden of proving that the accommodation is required as a result of a verifiable hardship, which prevents compliance with the conditions of the administration of the examination.

B. An acceptable ethics exam will be designated by the Board and identified on the Board's website.

C. An acceptable South Carolina Rules and Regulations course will be designated by the Board and identified on the Board's website.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-03. Deleted by State Register Volume 36, Issue No. 5, eff May 25, 2012.

Editor's Note

Former R. 1-03 was entitled "Practice Privileges".

1-04. Deleted.

HISTORY: Former Regulation, titled Reciprocity, had the following history: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Deleted by SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-05. Firm registration, resident managers, firm names.

A. Firm registration requirements.

1. A firm with an office in this State, providing attest or compilation services, or using in its business name the title, "Certified Public Accountants", "Public Accountants", "Accounting Practitioners", or the abbreviation "CPAs", "PAs", or "APs", or using any other title, designation, words, letters, abbreviation, sign, card or device indicating the firm is a CPA firm or an Accounting Practitioner firm, must be registered with the Board.

2. A firm that does not have an office in this State but performs attest services described in Section 40-2-20(2)(a)(audits), (c)(examinations), or (d)(services under PCAOB Auditing Standards) for a client having a home office in this State, must be registered with the Board.

3. A licensee who does not perform services or use his or her title as described in 1-05(A)(1) is not required to obtain a firm registration.

4. A licensee may use the CPA, PA, or AP title in accordance with his or her licensure with his or her personal name.

B. There must be a designated resident manager in charge of each firm office in this State. The designated resident manager must be licensed by this Board and is responsible for office compliance with established professional standards including standards set by federal or state law or regulation.

C. A firm must not use a misleading firm name.

1. Former partners' names may be included in a firm name only if the former partner continues practicing public accounting with that firm, no longer practices public accounting, or is deceased.

2. A firm name shall not include the name or names of non-licensed owners.

3. The Board shall determine if a firm name is misleading and therefore prohibited, and all firm names are subject to Board approval.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by State Register Volume 34, Issue No. 6, eff June 25, 2010; SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-06. Reinstatement.

For reinstatement of a license that has been inactive or lapsed for 3 years or more:

A. The required 120 hours of CPE must be completed within the previous 18 months, and

B. The required additional experience must be completed in accordance with the initial licensing experience requirements in effect at the time the reinstatement application is submitted.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by State Register Volume 36, Issue No. 5, eff June 22, 2012; SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-07. Return of Certificate.

Any licensee whose license is not active for any reason must return his or her certificate to the Board.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-08. Continuing Professional Education.

A. General Standards

1. Each licensee shall complete Continuing Professional Education (CPE) that contributes directly to his or her professional competence.

a. Each licensee shall earn forty (40) credit hours of acceptable CPE each calendar year as a condition of obtaining a renewal license ("Required CPE Credit Hours").

b. When a licensee earns more than the required number of CPE credit hours in any calendar year, the excess credit hours, not exceeding twenty (20) credit hours, may be carried forward and treated as credit hours earned in the following year ("Carry-Over Credit"). Certain types of CPE as defined in this regulation may be limited or may not qualify for Carry-Over Credit.

c. Each licensee shall earn CPE credit hours in the subject of Ethics as required in these regulations.

d. No CPE is required and no carryover credit may be earned during the licensing year in which a person obtains an initial license.

2. General Mechanics for CPE - unless otherwise specified in this regulation:

a. One (1) hour of credit shall be granted for each fifty (50) minutes of actual instruction time ("CPE credit hours"). One-half (1/2) credit hour shall be granted for each twenty-five (25) minutes of actual instruction time after the first CPE credit hour has been earned in the same activity. Partial hours will be rounded down to the nearest one-half (1/2) credit hour.

b. CPE credit hours can only be earned for one CPE course during a given time and earning simultaneous CPE credit hours is prohibited.

c. Only class hours, actual hours of attendance, and not hours devoted to preparation, shall be eligible for computing CPE credit hours.

d. As evidence of earning qualifying CPE credit hours, a licensee must obtain a certificate of completion, supplied by the program sponsor, after completion of the CPE course. At a minimum, the certificate of completion must include the following information:

- (1) Name and address of sponsor;
- (2) Participant's name;
- (3) Course title;
- (4) Course field of study;
- (5) Date of completion; and
- (6) Amount of CPE credit hours recommended.

e. No more than ten (10) credit hours of CPE can be earned in a single calendar day.

f. Licensees participating in only part of a CPE program must claim CPE credit only for the portion they attend or complete and only if the credit hours claimed are greater than the minimum required credit hours for that CPE course.

3. Compliance and Reporting

a. Licensees are responsible for compliance with all applicable CPE requirements and accurate reporting of CPE credit hours.

b. Licensees should claim CPE credit hours only when the CPE program sponsors have complied with the requirements set out in these regulations.

c. Licensees must retain evidence to support reported CPE credit hours for at least five (5) years from the due date of the CPE report or the date filed, whichever is later.

d. A licensee or the resident manager of a firm on behalf of a non-licensed owner may apply to the Board for accommodations to complete the required CPE and must show that the accommodation is required as a result of a verifiable hardship which prevents compliance with the CPE requirements.

e. The Board may accept another jurisdiction's CPE credit hours from a licensee to the extent that jurisdiction's requirements for those CPE credit hours are substantially equivalent to South Carolina requirements.

B. Subject Content

1. Personal Development, Non-Technical

a. Personal development subjects are those non-technical areas of study that help achieve career advancement or enhance personal effectiveness at work, and are similar to and include topics such as career planning, leadership, and time management.

b. Not more than twenty (20%) percent or 8 hours of the Required CPE Credit Hours may be in personal development subjects, as approved by the Board. Personal development subjects that exceed this limit shall not be available for Carry-Over Credit.

2. Ethics

a. Ethics is generally defined as a set of moral principles, either at the individual level or in the context of a culture or society as a whole. Ethics is also a philosophical framework used to analyze what constitutes right or wrong courses of action given a particular situation or set of circumstances.

b. By the end of each fixed three (3) year period, six (6) CPE credit hours must be obtained in ethics of which two (2) CPE credit hours must be in a board approved South Carolina Rules and Regulations course as described in these regulations. The dates of each fixed three (3) years Ethics period are defined on the Board website.

c. The Board will designate the approved author of the two (2) hour South Carolina Rules and Regulations course of the Board's website.

d. The two (2) hours South Carolina Rules and Regulations course can be counted only once toward the six (6) hour ethics requirement during each three (3) year period. The remaining four (4) hours of the six (6) hour ethics requirement must be in other ethics topics.

C. Program Delivery Methods

1. Sponsored Program Delivery Methods

a. Live Instruction

(1) Live Instruction is a program in which participants engage simultaneously through interaction of a real-time instructor or discussion leader and includes the required elements of attendance monitoring. Live Instruction CPE Programs meeting the requirements contained in this regulation qualify for CPE credit.

(2) On-Site Live Instruction Program consists of Live Instruction at a specific location.

(3) Online Live Instruction Program consists of Live Instruction using technology and/or remote access, whether or not broadcast at the same time the program is created, but offered at a scheduled date and time.

(4) CPE Instructors or Discussion Leaders

(a) CPE for instructing or leading discussions includes only those instructors or discussion leaders of qualified CPE programs.

(b) CPE credit hours will be granted equal to twice the number of CPE participation hours in the course. For repeat presentations, CPE credit hours can be claimed only if the licensee can demonstrate the learning activity content was substantially changed and such change required additional study or research.

b. Self-Study

(1) A Self-Study program is a program in which the participant has control over time, place and/or pace of learning and is completed without the assistance or interaction of a real-time instructor or discussion leader.

(2) Not more than fifty (50%) percent (20 hours) of the Required CPE Credit Hours may be in Self-Study programs.

(3) Self-Study CPE credit hours are not available for Carry-Over Credit.

(4) Only Self-Study courses registered under Quality Assurance Services (QAS) of NASBA will qualify for CPE credit hours.

(5) As evidence of completing qualifying Self-Study course, the sponsor provided certificate of completion must include the information required in Regulation 1-08(A)(2)(d) and the registration QAS sponsor number.

(6) Each Self-Study course claimed on an annual renewal must be accompanied by the Self-Study certificate of completion as defined in these regulations.

c. Nano-Learning

(1) A Nano-Learning program is a program designed to permit a participant having control over time, place and/or pace of learning to learn a given subject in a minimum of 10 minutes through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real-time instructor.

(2) One-fifth (1/5) hour of credit shall be granted for ten (10) minutes of a single Nano-Learning program, exclusive of the qualified assessment.

(3) Not more than five (5%) percent (2 hours) of the Required CPE Credit Hours may be in Nano-Learning programs.

(4) Nano-Learning CPE credit hours are not available for Carry-Over Credit.

(5) In order for a Nano-Learning program to qualify as a CPE course, it must include the following:

(a) The learning objective(s) of the program;

(b) Any instructions that participants need to navigate through the program;

(c) A qualified assessment; and

(d) A certificate of completion supplied by the Nano-Learning program sponsor containing the required information in Regulation 1-08(A)(2)(d), after satisfactory completion of a qualified assessment.

2. Non-Sponsored Delivery Methods

a. Higher Education

(1) Non-Sponsored Higher Education CPE credit hours are not available for Carry-Over Credit.

(2) Participant

(a) Course for Credit

(i) Courses for Credit include only accredited university or college courses that have been successfully completed by the licensee for credit.

(ii) Each semester hour university or college credit completed shall equal fifteen (15) CPE credit hours. In the case of universities or colleges on the quarter system, each quarter hour university or college credit completed shall equal ten (10) CPE credit hours.

(iii) Each Course for Credit claimed on an annual renewal must be accompanied by a transcript issued by the university or college, showing successful completion.

(b) Not-for-Credit Course

(i) Not-for-Credit Courses include only accredited university or college courses successfully completed without receiving any credit.

(ii) CPE credit hours for a Not-for-Credit Course are determined in the same manner as a Course for Credit.

(iii) Each Not-for-Credit Course claimed on an annual renewal must be accompanied by documentation showing attendance at the course or documentation showing successful completion of the course with a final grade equal to a pass rating or higher.

(3) Professors and Instructors

(a) For purposes of this section, Professors and Instructors are those that teach university and college undergraduate and graduate level courses.

(b) Professors and Instructors shall be granted CPE credit hours at the rate of ten (10) credit hours for each three (3) semester hour (or prorated equivalent) course taught.

(c) CPE credit hours for teaching university, college, and graduate level courses shall be limited to twenty-five (25%) percent (10 hours) of the Required CPE Credit Hours.

(d) CPE credit hours shall not be granted for teaching accounting principles, basic financial accounting, basic managerial accounting, or any other introductory accounting course, either undergraduate or graduate level.

(e) CPE credit hours shall be granted only for the first presentation within a two (2) year period. Repeated presentations during the two (2) year period do not qualify for CPE credit hours.

b. Authoring Published Works or CPE Programs

(1) General Standards

(a) Authoring published articles/books or authoring CPE programs ("Authored Works") includes only those that contribute to the professional competence of the licensee.

(b) CPE credit hours for preparation of Authored Works may be given on a self-declaration basis up to twenty-five (25%) percent (10 hours) of the Required CPE Credit Hours. The Board has the final determination of the amount of CPE credit hours so awarded.

(c) CPE credit hours for Authored Works is not available for Carry-Over Credit.

(d) Each Authored Work claimed on an annual renewal must be accompanied by a copy of that work that names the licensee as an author.

c. Participation in Quality Verification Reviews and Peer Reviews

(1) Quality Verification Reviews (QVRs) are technical reviews by licensees appointed by the Board, of professional work submitted to the State and of publicly available professional work of licensees.

(2) Participation in QVRs or service on a peer review acceptance body which qualifies under Reg. 1-09, qualify for CPE hours at the rate of one CPE hour for each hour spent performing these duties.

(3) No more than 16 hours of CPE credit may be claimed per year for performing these duties, and these CPE credit hours are not eligible for carry-over credit.

d. Staff Meetings

(1) Only the portion of a staff meeting that is designed as a program of learning and complies with the requirements in this regulation qualifies for CPE credit hours.

e. Participation in technical sessions at meetings of recognized national and state accounting organizations.

(1) No more than 16 hours of CPE credit may be claimed per year for performing these duties, and these CPE credit hours are not eligible for carry-over credit.

f. Programs offered by other recognized professional organizations, industrial or commercial firms, proprietary schools, or governmental entities may qualify for CPE credit hours, provided all other requirements of this regulation are met.

D. Standards for CPE Program Sponsors

1. General Standards for CPE Program Sponsors

a. CPE sponsors are expected to present learning activities that comply with course descriptions and objectives.

b. CPE sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

c. The Board shall accept only Other Qualifying Programs that provide written documentation showing that the work in the attended program has actually been accomplished by the licensee.

2. Live Instruction Sponsors

a. General Standards for Live Instruction Sponsors

(1) Live Instruction must be conducted by persons whose background training, education and experience qualify them in the subject matter of the particular CPE program (a "subject matter expert").

(2) An outline of the Live Instruction program presented must be prepared in advance and shall be maintained by the sponsor.

(3) Live Instruction must be at least one (1) CPE credit hour (fifty minutes) in length and the sponsor must calculate the course CPE credit hours.

(4) When a meal is scheduled during a CPE program, no credit will be allowed for the meal period unless the schedule provides for fifty (50) minutes of uninterrupted instruction.

(5) A certificate of attendance as described in these regulations must be given to each participant at the end of the Live Instruction program.

(6) Records showing compliance with this section must be preserved and maintained by the sponsor for a period of at least five (5) years from the presentation date of the Live Instruction program.

(7) At the beginning of the Live Instruction program, the sponsor should read the following statement or a statement very similar: "It is the responsibility of the licensee to be accountable for the hours earned during the CPE course. The licensee should not engage in any other activities that would denigrate the learning objective of the course to the licensee or others. If the other activity is unavoidable, then that time should be subtracted from the overall CPE credit."

3. Self-Study Sponsors

a. Self-Study courses shall qualify for CPE credit hours, provided the course has been approved by QAS.

b. The sponsor of Self-Study courses must provide the licensee with a certificate of completion that includes the information state in Reg. 1-08(C)(1)(b)(5).

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by State Register Volume 34, Issue No. 6, eff June 25, 2010; State Register Volume 36, Issue No. 5, eff May 25, 2012; State Register Volume 36, Issue No. 6, eff June 22, 2012; SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-09. Peer Review.

A. As a condition of firm registration and/or renewal (including those firms registered in other jurisdictions operating in this state under practice privilege), a licensed firm providing any of the following services to the public shall enroll in a qualified peer review program.

1. Audits;
2. Reviews of financial statements;
3. Compilations of financial statements;
4. Examinations of prospective financial statements;
5. Compilations of prospective financial statements;
6. Agreed-upon procedures of prospective financial statements;
7. Examination of written assertions; and
8. Agreed-upon procedures of written assertions.

B. A licensed firm not providing any of the services listed in Paragraph (A) of this regulation is exempt from peer review. Upon the issuance of the first report provided to a client, the firm must enroll in a qualified peer review program. As long as these services are provided, continued participation in a qualified peer review program is required.

C. Acceptable peer review programs are:

1. AICPA Peer Review Program;
2. Any other peer review program found to be substantially equivalent to the "Standards for Performing and Reporting on Peer Reviews" promulgated by the American Institute of Certified Public Accountants(AICPA) and published on that organization's website (www.aicpa.org).

D. An authorized peer review program may charge a fee to firms required to participate in the peer review program in order to cover costs of program administration.

E. Firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer review.

F. Compliance

1. A registered firm enrolled for peer review shall provide to the Board upon request the following:

- a. Peer review due date;
- b. Peer review year end date;
- c. Peer review acceptance letter from peer review program.

2. A peer review is not complete until the peer review acceptance letter is issued by the peer review program.

3. If a firm fails to complete peer review in a timely fashion, the Board may refuse to renew the firm registration and/or take disciplinary action as appropriate.

G. Ethical duties of reviewer

1. A reviewer shall be independent with respect to the reviewed registered firm and comply with the AICPA Standards for Performing and Reporting on Peer Reviews.

2. Information concerning the participating CPA firm or its clients or personnel that is obtained as a consequence of the review is confidential and shall not be disclosed to anyone not involved in the peer review process.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by State Register Volume 36, Issue No. 5, eff May 25, 2012; SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-10. Professional Standards.

In addition to the requirements and prohibitions found in S.C. Code 40-2-5 et seq.,:

A. Licensees shall comply with all federal or state laws governing their business and personal affairs and shall not engage in any acts discreditable to the profession as defined by the Ethical Standards of the AICPA. In general, a licensee may rely upon the interpretations of those standards published by the Professional Ethics Executive Committee of the AICPA.

B. Complying with professional standards includes timely filing all applicable tax/information and all other regulatory returns for himself/herself or any entity for which the licensee is responsible.

C. Client records include all information provided by the client and all documents provided to the client (or on behalf of the client) including the materials necessary (including electronic files) to support the final work performed (financial statements, tax returns, etc.). Client records do not constitute other work files or documents, which the licensee may use to audit, test or verify the accuracy of a client's account balances and/or transaction classes (revenues, expenses).

D. A licensee or registered firm shall not employ within South Carolina, directly or indirectly in the practice of accounting, a person whose license is revoked or suspended by this Board or by the board of accountancy in any other jurisdiction. Employing such a person in South Carolina as an accountant, investigator, tax preparer or in any other capacity connected with the practice of accounting subjects the licensee or registered firm to discipline by the Board.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by State Register Volume 34, Issue No. 6, eff June 25, 2010; State Register Volume 36, Issue No. 5, eff May 25, 2012; SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

Editor's Note

Order of the Supreme Court of South Carolina, dated September 21, 1992, effective immediately, provides in part as follows:

" . . . We hold that CPAs do not engage in the unauthorized practice of law when they render professional assistance, including compensated representation before agencies and the Probate Court, that is within their professional expertise and qualifications. We are confident that allowing CPAs to practice in their areas of expertise, subject to their own professional regulation, will best serve to both protect and promote the public interest."

1-11. Application for Licensure as an Accounting Practitioner.

A. To meet the educational qualifications for licensure as an accounting practitioner,

1. the applicant shall submit an official transcript signed by the college or university registrar and bearing the college or university seal to prove education and degree requirements; photocopies of transcripts will not be accepted; and

2. a major in accounting shall include at least twenty-four (24) semester hours, or equivalent in quarter hours, of credit in accounting courses. No more than three (3) semester hours in business law courses and three (3) semester hours in taxation courses may be counted as accounting courses; and

3. the Board shall accept a transcript from any college or university accredited by the Southern Association of Colleges and Schools and any other accrediting association having the equivalent standards.

B. To meet the examination requirement for licensure as an accounting practitioner, the applicant shall take sections of the Uniform Certified Public Accountant Examination prepared by the AICPA and receive a passing grade on the following subjects:

1. Financial Accounting and Reporting (FAR);
2. Regulations (REG).

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by SCSR 44-6 Doc. No. 4923, eff June 26, 2020.

1-12. Safeguarding Client Records When a Licensee is Incapacitated, Disappears, or Dies.

A. Each licensee or firm that has custody or ownership of client records shall designate a partner, personal representative, or other responsible party to assume responsibility for client records in the case of incapacity or death of the licensee or dissolution of the firm.

B. Where the licensee is incapacitated, disappears, or dies, and no responsible party is known to exist, the Administrator of the Board may petition the Board for an order appointing another licensee or licensees to inventory the records and to take actions as appropriate to protect the interests of the clients. The order of appointment shall be public.

C. The licensee appointed pursuant to Reg. 1-12(B) shall:

1. Take custody of the records and trust or escrow accounts of the licensee whose practice has been discontinued or interrupted.

2. Notify each client in a pending matter and, in the discretion of the appointed licensee, in any other matter, at the client's address shown in the records, by first class mail, of the client's right to obtain any papers, money or other property to which the client is entitled and the time and place at which the papers, money or other property may be obtained, calling attention to any urgency in obtaining the papers, money or other property;

3. Publish, on the appointed licensee's website for thirty (30) days and in a newspaper of general circulation in the county or counties in which the licensee whose practice has been discontinued or interrupted last resided or engaged in any substantial practice of accounting, once a week for three consecutive weeks, notice of the discontinuance or interruption of the accountant's practice. The notice shall include the name and address of the licensee whose practice has been discontinued or interrupted; the time, date and location where clients may pick up their records; and the name, address and telephone number of the appointed licensee. The notice shall also be mailed, by first class mail, to any errors and omissions insurer or other entity having reason to be informed of the discontinuance or interruption of the accounting practice;

4. Release to each client the papers, money or other property to which the client is entitled. Before releasing the property, the appointed licensee shall obtain a receipt from the client for the property;

5. With the consent of the client, file notices or petitions on behalf of the client in tax or probate matters where jurisdictional time limits are involved and other representation has not yet been obtained; and

6. Perform any other acts directed in the order of appointment.

HISTORY: Added by State Register Volume 31, Issue No. 5, eff May 25, 2007. Amended by SCSR 44-6 Doc. No. 4923, eff June 26, 2020.