



## **In Brief**

### **Building an Effective Annual CPE Plan**

The mandatory CPE requirement, designed to ensure that CPAs keep their knowledge up to date, has unintentionally created a burden for many in the profession. The pressures of maintaining a practice combined with the uneven quality of many of the courses available make many CPAs feel as if they are back in college fulfilling an irrelevant course requirement.

But because CPE is, in most cases, a matter of personal choice, CPAs can use the system to their benefit. By finding and taking advantage of the quality courses that are available, CPAs can turn CPE into an opportunity rather than a burden.

**Focus on learning, not credits.**

# Continuing Education or Mandatory Hours?

**By Raymond J. Clay, Jr., and Joan M. Clay**

**I**n 1990, as part of a plan to restructure professional standards, the AICPA implemented continuing professional education (CPE) requirements for its members. CPE compliance, designed to enhance and advance professional competence, requires a member to complete 120 hours of education over a three-calendar-year reporting period with a minimum of 20 hours each year. Only "retired" or "inactive" members are exempt from the AICPA CPE requirements.

The AICPA recently reemphasized the importance of CPE in its Vision Process, which identified five core values for the profession's next 15 years. The core values were defined as "the essential and enduring beliefs" that will enable CPAs to "retain their unique character and value" into the future. Among the top five core values was a commitment to continuing education and lifelong learning.

In addition, state regulatory bodies have mandatory CPE requirements for CPAs that maintain active licenses. There is a lack of uniformity among the states as to the number of hours required and which subject matter qualifies. New York State, for example, has a 40-hour annual requirement for those seeking to offer services to the public, which is reduced to 24 hours if the CPE is concentrated in audit, accounting, or tax subjects. The third edition of the Uniform Accountancy Act, jointly developed by the AICPA and the National Association of State Boards of Accountancy, has a CPE requirement along the lines of the current AICPA rules. Many states, including New York, are in the process of modifying or

attempting to modify existing accountancy statutes to conform to the UAA provisions.

Further complicating the CPE playing field are the additional requirements in auditing standards or guidelines of state and Federal regulators. For example, *Government Auditing Standards*, established by the U.S. General Accounting Office, requires that anyone supervising audits under its standards have a prescribed amount of CPE in subjects relevant to audits of government programs.

## **Formal Education vs. CPE**

Although CPE is how accounting practitioners keep their expertise up to date, many have problems identifying relevant programs and fitting them into their work schedule. The CPE requirement addresses a common need of all accounting practitioners, but making the process relevant takes planning, organization, and commitment.

Most professionals use traditional formal education to reach their initial professional goals and carry that mindset with them as their careers evolve. In general, traditional formal education involves few unguided choices once an individual decides on a major course of study. College and university curricula allow wide choices only in certain elective areas. Once a person embarks on a career that involves CPE, guidance becomes a matter of personal choice. A newer CPA is usually guided in course selection early on, but once a specific career path develops, the individual, often in consultation with her employer, makes her own decisions.



## Failure to plan often forces a CPA to accept whatever classes are available rather than scheduling ones that are educationally relevant

Inexperience in personal curriculum design coupled with a “not-my-decision” mind-set carried over from college makes it difficult for professionals to use mandatory CPE hours to meet their educational objectives. Instead, the system breeds a desire to meet the CPE requirements with no regard for the educational relevance.

### Why So Much ‘Mandatory but Irrelevant’ CPE?

Some years back, I taught an auditing update CPE course for a state CPA society about two weeks before the CPE reporting deadline. The course attendance totaled 45. At the beginning of the session, I asked participants to share their name, firm name and location, and major responsibility within the firm. Of the 45 participants, 40 said their major responsibility (in most cases their only responsibility) was in the firm’s tax practice. The question in my mind was, “Why are you taking an auditing update course?” I would have understood their attendance if the state had an hour requirement in the accounting and auditing area, as some states do, but this one did not. Most of these people were interested only in eight hours of credit, not eight hours of education.

When CPAs view mandatory CPE hours as a burden, no learning takes place. They have no reason to absorb technical material irrelevant to their professional work. Arguably, the money spent matters less than the time lost. Such people probably also develop a negative view of the CPE requirement and CPE in general. But the real problem is how most people plan and select their CPE.

Unless and until the professional accounting organizations develop curricula for the various career paths that CPAs are likely to choose—and every state’s CPE requirements reflect that

reality—the self-guided curriculum needs of every accounting professional can be satisfied only by the individual. Although the process requires effort, the individual has the unique advantage of knowing her educational objectives.

### Designing a Personal Educational Curriculum

Planning for the upcoming year’s CPE courses should begin soon after the reporting deadline for the previous year. Procrastination is the No. 1 reason mandatory CPE becomes mandatory hours. Failure to plan often forces a CPA to accept whatever classes are available rather than scheduling ones that are educationally relevant. Scheduling the 40 hours of CPE at the beginning of the year lets an individual choose educational experiences with the greatest benefit.

Professional improvement includes both technical and nontechnical subject matter, and most state boards let CPAs schedule a certain percentage of CPE hours in nontechnical areas such as time management, interpersonal skills, and effective communication. But because of the differences among regulators as to which courses qualify, part of the planning requires becoming familiar with the specific requirements of the controlling state licensing authority and other regulators to which the CPA expects to be subject. Also, if one’s job requirements involve technical subjects other than accounting, a good plan would include courses in those areas. The CPE requirements for Connecticut, Florida, New Jersey, New York, the AICPA, and the General Accounting Office can be found on [www.nysscpa.org](http://www.nysscpa.org). Information on other state requirements is available from the respective boards of accountancy, whose phone number or website can also be found on [www.nysscpa.org](http://www.nysscpa.org).

CPE courses should fit into the CPA’s work schedule. There is nothing more stressful than trying to fulfill a CPE commitment while in the middle of a client or employment crisis. Taking CPE courses in combination with vacation plans is another and more pleasant consideration. Firms that conduct their own CPE should schedule programs convenient for most individuals. Even the best plan will not fit everyone’s schedule, and input from participants helps the firm accomplish its educational objectives.

CPE literature from state CPA societies, private organizations, and the AICPA is a good starting point for planning an individual CPE schedule. Promotional material for the numerous CPE programs will not necessarily indicate their relevance and quality. A sponsor that offers a relevant, high-quality program and delivers on its marketing can probably be relied upon in the future.

Those that are unfamiliar with a course sponsor, or find a course description vague, should seek additional information from colleagues that have experience with that course or sponsor or from the sponsor itself. The course outline and the instructor or course author, comments from past participants, the number of times the course has been offered, and when the course was last updated are all useful pieces of information that may be available on the sponsor’s website. Feedback from colleagues on courses they’ve taken, effective discussion leaders, and quality content is a good way to evaluate possible courses. Doubters should take their CPE time and dollars elsewhere.

Course format is another part of the equation. CPE can be earned through traditional classroom presentations as well as self-study programs and computer-based training. Live presentations allow

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professionals to interact with a discussion leader and other students but often require a full day's commitment. Most self-study and computer-based courses can be completed in multiple sittings but often require more self-discipline and lack the same level and quality of feedback. Another delivery method, conferences and conventions, normally includes many one- to two-hour CPE-credit sessions on a range of relevant subjects. Many CPAs enjoy the networking aspect of conferences and conventions as well as the ability to combine the event with vacation time.

The final step is to place the courses, seminars, and conferences selected into the CPA's calendar. Early enrollment can lead to early-registration discounts. It will also benefit sponsors, which may cancel programs with low enrollments.

#### Making the Hours Count

The requirement that CPAs attend and report 120 hours of CPE every three years is unlikely to change in the foreseeable future. The movement of states to adopt the provisions of the UAA will only serve to reaffirm the 120-hour mandatory CPE requirement. The

requirement is here to stay. How that requirement is viewed—as a burdensome obligation or an opportunity to use the educational community's resources to sharpen skills—is up to the individual. □

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