

Proposed Rule
LSA Document #12-264

DIGEST

Amends [872 IAC 1-1-10](#) by deleting language now overruled by [IC 25-1-8-6\(d\)](#). Amends [872 IAC 1-3-14](#) so the provisions of that subsection take effect after 60 days instead of 18 months and modifies the requirements for reactivation to evidence of CPE compliance during the previous completed reporting period and a statement of employment since the expiration of the license. Amends [872 IAC 1-3-17](#) to eliminate the CPE cure period following the completion of the reporting period. Amends [872 IAC 1-6](#) to replace all references to "quality review" with "peer review" to conform with [IC 25-2.1-5](#). Repeals [872 IAC 1-1-29](#). Effective 30 days after filing with the Publisher.

[IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses](#)

[872 IAC 1-1-10](#); [872 IAC 1-1-29](#); [872 IAC 1-3-14](#); [872 IAC 1-3-17](#); [872 IAC 1-6-1](#); [872 IAC 1-6-2](#); [872 IAC 1-6-6](#); [872 IAC 1-6-7](#); [872 IAC 1-6-9](#); [872 IAC 1-6-10](#); [872 IAC 1-6-11](#); [872 IAC 1-6-13](#)

SECTION 1. [872 IAC 1-1-10](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-1-10](#) Application; fees

Authority: [IC 25-2.1-15](#)

Affected: [IC 25-1-8-6](#); [IC 25-2.1](#)

Sec. 10. (a) Applications to take the certified public accountant examination must be made on a form provided by the board. Candidates will be notified of their eligibility to sit for the exam.

(b) All fees are nonrefundable and nontransferable. The following is a schedule of fees adopted by the board:

- (1) The fee for the examination for CPA and AP licensure is the payment of the candidate's cost of purchasing the examination, payable to the examination service.
- (2) Transfer of grades, seventy-five dollars (\$75).
- (3) CPA certificate by reciprocity, seventy-five dollars (\$75).
- (4) Triennial certificate of registration for CPAs, PAs, and APs, seventy-five dollars (\$75).
- (5) **The reinstatement fees for restoration of an expired triennial certificate certificates of registration for CPAs, PAs, and APs fifty dollars (\$50), plus all unpaid renewal fees. are set according to [IC 25-1-8-6](#).**
- (6) Triennial permit to practice for firms, thirty dollars (\$30).
- (7) **The reinstatement fees for restoration of an expired triennial permit permits to practice for firms fifty dollars (\$50), plus all unpaid renewal fees. are set according to [IC 25-1-8-6](#).**
- (8) Verification of certificate of registration for CPA, PA, or AP to another state, twenty-five dollars (\$25).

(c) Notwithstanding subsection (b)(4), a fee for an individual initially registered in the:

- (1) second year of a triennial registration period shall be fifty dollars (\$50); and
- (2) third year of the triennial registration period shall be twenty-five dollars (\$25).

(d) Failure of an applicant to pay the initial registration fee will cause the application to be terminated one (1) year after the board's action granting registration.

(e) Should an applicant pay the initial registration fee after the first renewal deadline for all licensees following the applicant's approval for licensure, the applicant must pay the renewal fee in addition to the initial registration fee in order to become licensed.

(Indiana Board of Accountancy; Rule 69-1, 10; filed Jun 30, 1978, 9:54 a.m.: 1 IR 396; filed Feb 15, 1980, 3:05 p.m.: 3 IR 639; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1928; filed May 1, 1984, 12:50 p.m.: 7 IR 1540; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1033; filed Aug 28, 1986, 3:20 p.m.: 10 IR 65; filed Aug 6, 1990, 4:30 p.m.: 13 IR 2135; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2345; errata filed Jul 28, 1994, 4:00 p.m.: 17 IR 2891; filed Jul 6, 1995, 12:00 p.m.: 18 IR 2784; filed Jun 14, 1996, 3:00 p.m.: 19 IR 3110; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1654; readopted filed

Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 4, 2002, 9:28 a.m.: 25 IR 2520; filed Jul 7, 2003, 3:45 p.m.: 26 IR 3654; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2735; readopted filed Oct 4, 2007, 3:32 p.m.: [20071031-IR-872070066RFA](#))

SECTION 2. [872 IAC 1-3-14](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-14](#) Reinstatement of lapsed certificate

Authority: [IC 25-2.1-2-15](#)

Affected: [IC 25-1-4-5](#); [IC 25-1-8-6](#); [IC 25-2.1-4-5](#)

Sec. 14. (a) An individual whose certificate has lapsed for more than ~~eighteen (18) months~~ **sixty (60) days** who wishes to ~~reenter the practice of accountancy~~ **reinstate the individual's certificate** must file an application to ~~renew~~ **reinstate** the lapsed certificate. An individual whose certificate has lapsed for ~~eighteen (18) months~~ **sixty days (60)** or less is governed by section 17 of this rule.

(b) The application shall be accompanied by the following:

(1) A statement of the licensee's employment activity ~~for the previous twenty-four (24) months.~~ **since expiration of the certificate until application for reactivation.**

(2) The payment of the fee for a triennial ~~permit~~ **certificate** specified in [872 IAC 1-1-10](#).

(3) The payment of the reinstatement fee as specified in [IC 25-1-8-6](#).

~~(3)~~ **(4)** Evidence of the completion of the CPE hours required by subsection (c).

(c) In order to ~~reenter the practice of public accountancy and receive~~ **reinstate** a certificate under this section, a licensee shall complete one hundred twenty (120) CPE hours prior to filing the application.

(d) The certificate of a certificate holder who has not obtained the required number of CPE hours required by subsection (c) may be reinstated upon application as long as the applicant is otherwise qualified; however, the board shall issue a notice of noncompliance under [IC 25-1-4-5](#).

~~(d)~~ **(e)** The CPE hours required under subsection (c) must:

(1) have been obtained no earlier than three (3) years prior to the date the application for ~~reentry~~ **reinstatement** is filed; and

(2) meet the requirements established in sections 3 through 4 of this rule.

~~(e)~~ **(f)** CPE hours obtained by a certificate holder to ~~renew~~ **reinstate** a lapsed certificate under this section cannot be double counted by also using them for credit in the reporting period in progress for renewal of the license at the end of the reporting period. The CPE requirements for the reporting period in progress at the time of ~~reactivation~~ **reinstatement** are stated in section 16 of this rule.

(g) Reinstatement of a certificate that has lapsed for more than three (3) years will be subject to the provisions of [IC 25-1-8-6\(d\)\(5\)](#).

(Indiana Board of Accountancy; [872 IAC 1-3-14](#); filed May 17, 1988, 3:15 p.m.: 11 IR 3569, eff Jul 1, 1988; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2351; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3937; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Jul 30, 2003, 5:15 p.m.: 26 IR 3882; readopted filed Oct 4, 2007, 3:32 p.m.: [20071031-IR-872070066RFA](#))

SECTION 3. [872 IAC 1-3-17](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-17](#) Failure to meet continuing education provisions

Authority: [IC 25-2.1-2-15](#)

Affected: [IC 25-1-4-5](#); [IC 25-1-11](#); [IC 25-2.1](#)

Sec. 17. (a) **The certificate of** a certificate holder who does not obtain the required number of CPE hours during a reporting period ~~may cure that deficiency by taking them in the next reporting period. However, the certificate shall not be renewed until the necessary hours are obtained.~~ **upon application as long as the applicant is otherwise qualified; however, the board shall issue a notice of noncompliance under [IC 25-1-4-5](#). CPE hours may not be obtained after the December 31 end of a reporting period toward meeting the requirements for the renewal for the following June 30, and, therefore, this subsection applies in that situation.**

(b) This section applies to an individual whose certificate has lapsed for sixty (60) days or less. An individual whose ~~license~~ **certificate** has lapsed longer than ~~eighteen (18) months~~ **sixty (60) days** is governed by section 14 of this rule.

~~(b) CPE hours obtained to cure a deficiency in a prior reporting period shall not be double-counted by also being included in the reporting period in progress when they are obtained.~~

(Indiana Board of Accountancy; [872 IAC 1-3-17](#); filed May 17, 1988, 3:15 p.m.: 11 IR 3570, eff Jul 1, 1988; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; readopted filed Oct 4, 2007, 3:32 p.m.: [20071031-IR-872070066RFA](#); filed Nov 5, 2008, 2:33 p.m.: [20081203-IR-872080293FRA](#))

SECTION 4. [872 IAC 1-6-1](#) IS AMENDED TO READ AS FOLLOWS:

Rule 6. Peer Review

[872 IAC 1-6-1](#) Applicability

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1-5](#); [IC 25-2.1-6](#)

Sec. 1. (a) This rule establishes a ~~quality~~ **peer** review program for CPA and PA firms issued a permit under [IC 25-2.1-5](#).

(b) This rule does not apply to AP firms issued a registration under [IC 25-2.1-6](#).

(Indiana Board of Accountancy; [872 IAC 1-6-1](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 966; readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 5. [872 IAC 1-6-2](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-2](#) "Approved peer review program" defined

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1-5-8](#); [IC 25-2.1-5-9](#)

Sec. 2. "Approved ~~quality~~ **peer** review program" means a peer review program:

- (1) administered by an entity (administering entity) approved by the board under section 8 of this rule; and
- (2) meeting the requirements of this rule, including the AICPA document incorporated by reference in section 11 of this rule (applicable to CPA and PA firms).

(Indiana Board of Accountancy; [872 IAC 1-6-2](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 966; filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 6. [872 IAC 1-6-6](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-6](#) "Peer review" defined

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1-1-8.7](#)

Sec. 6. "Quality **Peer** review" has the meaning set forth in [IC 25-2.1-1-12](#), [IC 25-2.1-1-8.7](#).

(Indiana Board of Accountancy; [872 IAC 1-6-6](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 966; readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 7. [872 IAC 1-6-7](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-7](#) Peer review oversight committee

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1-5-8](#)

Sec. 7. (a) The board shall appoint a ~~quality~~ **peer** review oversight committee.

(b) The oversight committee shall:

- (1) consist of three (3) licensees who have an active certificate as a certified public accountant or public accountant;
- (2) be composed of individuals who are not members of the board;
- (3) provide the board with the names of those firms that have undergone and have had an accepted review as well as whether the firms are meeting the terms, conditions, and remedial actions, if any, required for completion of the review;
- (4) along with the board, establish procedures designed to ensure confidentiality of documents furnished or generated in the course of the review; and
- (5) carry out other duties as delegated by the board necessary for the administration and enforcement of this rule.

(c) An appointment under this section is for a term of three (3) years, except for an appointment to fill a vacancy shall be for the remainder of the unexpired term. A committee member may continue to serve until the member's successor is appointed and qualified. An oversight committee member may be reappointed at the end of each term.

(Indiana Board of Accountancy; [872 IAC 1-6-7](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 966; filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 8. [872 IAC 1-6-9](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-9](#) Requirements for firms

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1-5](#)

Sec. 9. (a) This section applies to renewal of firm permits that expire on or after June 30, 2006.

(b) During the three (3) year period preceding a firm's application for renewal of a permit under [IC 25-2.1-5](#), a firm shall complete a ~~quality~~ **peer** review in compliance with this rule, unless the firm is not required to have a ~~quality~~ **peer** review under subsection (d)(2) or (d)(3). Failure of a firm to complete a ~~quality~~ **peer** review may result in the denial of the renewal of the firm's permit under [IC 25-2.1-5](#).

(c) Each firm where attest or compilation services are performed shall be covered by a ~~quality~~ **peer** review. A single ~~quality~~ **peer** review report covering all locations may be submitted for firms with multiple firm locations.

(d) Each application for renewal of a permit under [IC 25-2.1-5](#) shall certify:

- (1) under the penalty of perjury, acceptance of the ~~quality~~ **peer** review report issued to the firm by the

administering entity;

(2) that the firm is not required to have a **quality peer** review to renew its permit because it has not performed any attest or compilation engagements:

(A) since the last expiration of the firm permit; or

(B) if the firm permit was initially issued subsequent to the last renewal, since the initial issuance of the firm permit; or

(3) that the firm is not required to have a **quality peer** review to renew its firm permit because it:

(A) did not perform any attest or compilation engagement within the first eighteen (18) months of the three (3) year period preceding the firm's application for renewal of its permit; or

(B) obtained the initial issuance of its firm permit within the last eighteen (18) months of the three (3) year period preceding the firm's application for renewal of its permit.

(e) Before commencement of an attest or compilation engagement, a firm that was not required to obtain a **quality peer** review under subsection (d)(2) shall:

(1) notify the board; and

(2) complete a **quality peer** review within eighteen (18) months of the notification.

(f) A firm that was not required to obtain a **quality peer** review under subsection (d)(3) shall:

(1) at the time of renewal, notify the board of the date the first attest or compilation engagement was commenced; and

(2) complete a **quality peer** review within eighteen (18) months of that date.

(g) In order to renew an expired firm permit, a firm shall complete a **quality peer** review in compliance with this rule. An exemption under subsection (d)(2) or (d)(3) shall be calculated as if the firm permit had been renewed before its expiration.

(h) Each firm is responsible for the cost of the **quality peer** reviews under this rule.

(Indiana Board of Accountancy; [872 IAC 1-6-9](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 967; filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 9. [872 IAC 1-6-10](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-10](#) Reports; confidentiality

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1-5-8](#); [IC 25-2.1-5-9](#)

Sec. 10. (a) An approved **quality peer** review program administering entity shall determine and report the following to the oversight committee with respect to each firm that is reviewed:

(1) Any recommendations concerning the possible improvement of the **quality peer** of the firm location's professional services.

(2) Whether the firm is not in general conformity with applicable professional standards.

(3) If the firm is not in general conformity, any significant departures from applicable professional standards.

(b) A firm that is the subject of a **quality peer** review may submit to the administering entity a response to the determinations and recommendations contained in the **quality peer** review report.

(c) **Quality Peer** review reports and related comments shall be retained by the administering entity:

(1) for a period of at least three (3) years from the date of submission; or

(2) until acceptance by the administering entity of the firm location's next **quality peer** review report; whichever is later.

(d) All proceedings, records, and work papers related to a **quality peer** review performed under this rule are:

(1) privileged as provided in [IC 25-2.1-5-8](#); and

(2) not subject to discovery, subpoena, or other means of legal process or introduction into evidence unto a civil action, arbitration, administrative proceeding, or board proceeding.

(e) Subject to [IC 25-2.1-5-9](#), a member of the oversight committee, the administering entity, or an individual who was involved with or who performed a **quality peer** review may not testify in a civil action, arbitration, administrative proceeding, or board proceeding to matters:

- (1) produced, presented, disclosed, or discussed during, or in connection with, the **quality peer** review process; or
- (2) that involve findings, recommendations, evaluations, opinions, or other actions of the approved **quality peer** review program, the administering entity, or individual reviewers.

(Indiana Board of Accountancy; [872 IAC 1-6-10](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 967; filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 10. [872 IAC 1-6-11](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-11](#) AICPA standards for peer review program

Authority: [IC 25-2.1](#)

Affected: [IC 25-2.1](#)

Sec. 11. (a) That certain document being titled Standards for Performing and Reporting on Peer Reviews (copyright 2008, effective January 1, 2009), as published by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036-8775, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. This document applies to **quality peer** reviews (**known as quality reviews before July 1, 2012**) performed after December 31, 2008.

(b) That certain document being titled Standards for Performing and Reporting on Peer Reviews (copyright 2004, effective January 1, 2005), as published by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036-8775, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. This document applies to **quality peer** reviews (**known as quality reviews before July 1, 2012**) performed before January 1, 2009.

(c) Notwithstanding the use of the word "should" in the Standards for Performing and Reporting on Peer Reviews, a reviewer must:

- (1) comply with the standards; or
- (2) justify any departure therefrom.

(d) The Standards for Performing and Reporting on Peer Reviews is incorporated by reference in this rule to establish substantive standards for **quality peer** reviews. Any requirement for membership in the AICPA or other organization or the involvement of any AICPA entity or state CPA society in the **quality peer** review process shall not apply. The **quality peer** review program under this rule is administered by the board and the administering entity established under section 8 of this rule. However, this subsection shall not be construed to limit the involvement of either the AICPA or the state CPA society in any **quality peer** review activity involving their members as long as the resulting **quality peer** review complies with this rule.

(e) If any provision of the Standards for Performing and Reporting on Peer Reviews conflict in any way with [IC 25-2.1](#) or this title, it shall not apply.

(Indiana Board of Accountancy; [872 IAC 1-6-11](#); filed Oct 13, 2004, 11:30 a.m.: 28 IR 968; filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 11. [872 IAC 1-6-13](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-6-13](#) Informal dispute resolution

Authority: [IC 25-2.1](#)

Affected: [IC 4-21.5-3-13](#)

Sec. 13. (a) This section addresses informal dispute resolution that may be taken by the board as the result of a dispute between the administering entity or a reviewer and the firm being reviewed.

(b) This section does not increase or diminish hearings that may be required by [IC 4-21.5-3](#) or other applicable statute and is not providing for hearings under [IC 4-21.5-3](#). A dispute that has been addressed in an informal dispute resolution may still be a topic of a hearing under [IC 4-21.5-3](#). In the event of such a hearing, the participation of the board and its members in an informal dispute resolution shall be considered a preliminary determination under [IC 4-21.5-3-13\(c\)](#).

(c) When a dispute occurs regarding the peer review report or corrective actions, or both, required as the result of a ~~quality~~ **peer** review, the administering entity shall notify the board in writing within thirty (30) days of the notification from the firm subject to the peer review report corrective action, or both. The notification to the board from the administering entity, a copy of which shall be sent to the firm, shall include the name of the firm and the peer review report and the correction action, as appropriate, and a discussion memorandum addressing the dispute. The board shall:

- (1) set the matter for an informal hearing;
- (2) notify the parties to the dispute;
- (3) provide the parties with an opportunity to present evidence at hearing; and
- (4) make a determination on the dispute.

(d) The board's determination in an informal dispute resolution shall govern how the administering entity and reviewer proceed regarding the issues involved but in no way limit the firm from arguing to the contrary in any proceeding under [IC 4-21.5-3](#) and the determination shall not be considered to be final in any way for a proceeding under [IC 4-21.5-3](#).

(e) The board may delegate an informal dispute resolution under this section to one (1) of its members.

(Indiana Board of Accountancy; [872 IAC 1-6-13](#); filed Dec 5, 2008, 10:29 a.m.: [20081231-IR-872070306FRA](#); readopted filed Nov 12, 2010, 10:07 a.m.: [20101208-IR-872100410RFA](#))

SECTION 12. [872 IAC 1-1-29](#) IS REPEALED.

[Notice of Public Hearing](#)

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