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## TITLE 872 INDIANA BOARD OF ACCOUNTANCY

### **Proposed Rule** LSA Document #02-213

#### DIGEST

Amends 872 IAC 1-1-6.1 to establish that credit hours taken to comply with the educational requirements in IC 25-2.1-3-2 cannot be duplicated. Amends 872 IAC 1-1-12 to revise the examination used for accounting practitioners to comply with IC 25-2.1-6-1. Amends 872 IAC 1-3-14 to establish that continuing professional education hours obtained to renew a lapsed certificate cannot be double counted by using the hours for credit for renewal at the end of the reporting period. Adds 872 IAC 1-5 to establish the requirements for substantial equivalency. Effective 30 days after filing with the secretary of state.

**872 IAC 1-1-6.1**

**872 IAC 1-3-14**

**872 IAC 1-1-12**

**872 IAC 1-5**

SECTION 1. 872 IAC 1-1-6.1 IS AMENDED TO READ AS FOLLOWS:

#### **872 IAC 1-1-6.1 Educational requirements**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.1. (a) Compliance with IC 25-2.1-3-2, regarding educational requirements for first time examination applicants, will be met by obtaining at least one hundred fifty (150) semester hours of college education, including a baccalaureate or higher degree from an accredited college or university. As part of the one hundred fifty (150) semester hours, an applicant must meet any one (1) of the following conditions:

(1) Earned a graduate degree from a college or university that is accredited by an accrediting organization as included in section 6.3 of this rule, and completed **at least twenty-four (24) semester hours in:**

(A) ~~at least twenty-four (24) semester hours in~~ accounting at the undergraduate level or fifteen (15) semester hours in accounting at the graduate level; and

(B) ~~at least twenty-four (24) semester hours in~~ business administration and economics courses, other than accounting courses, at the undergraduate or graduate level.

The business administration courses may include up to six (6) hours of business and tax law courses and up to six (6) hours of computer science courses. The accounting hours must include courses covering the subjects of financial accounting, auditing, taxation, and managerial accounting. If the accounting hours are a mixture of graduate and undergraduate hours, the higher number of required hours applies.

(2) Earned a baccalaureate degree from a college or university that is accredited by an accrediting organization as included in section 6.3 of this rule, and completed **at least twenty-four (24) semester hours in:**

(A) ~~at least twenty-four (24) semester hours in~~ accounting at the undergraduate or graduate level, including courses covering the subjects of financial accounting, auditing, taxation, and managerial accounting; and

(B) ~~at least twenty-four (24) semester hours in~~ business administration and economics courses other than accounting courses.

The business administration courses may include up to six (6) hours of business and tax law courses and up to six (6) hours of computer science courses.

**(b) College courses with substantial duplication of content may be counted only one (1) time toward the requirements in IC 25-2.1-3-2 and this section.** (*Indiana Board of Accountancy; 872 IAC 1-1-6.1; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3933; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Aug 3, 2001, 4:34 p.m.: 24 IR 3989*)

SECTION 2. 872 IAC 1-1-12 IS AMENDED TO READ AS FOLLOWS:

**872 IAC 1-1-12 Contents of examinations; grading**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3; IC 25-2.1-6-1

Sec. 12. (a) As the examination for certified public accountant applicants, the board or the board's designee shall use the Uniform CPA examination ~~which that~~ is given in May and November of each calendar year and prepared by the AICPA under a plan of cooperation with the boards of all states and territories of the United States. The examination consists of the following parts:

- (1) Auditing.
- (2) Business law and professional responsibilities.
- (3) Financial accounting and reporting.
- (4) Accounting and reporting—taxation, managerial and governmental, and not-for-profit organizations.

(b) The board or the board's designee shall use the Advisory Grading Service provided by the AICPA under a plan of cooperation with the boards of all states and territories of the United States to assist it in performing its duties under IC 25-2.1.

(c) A passing grade of seventy-five percent (75%) or more for each subject is required.

(d) For ~~the~~ purposes of section 19 of this rule, for conditioned candidates reexamination requirements, those applicants who prior to the May 1994 examination had credit for **passing:**

- (1) ~~passing~~ auditing shall have credit for auditing;
- (2) ~~passing~~ commercial law shall have credit for passing business law and professional responsibilities;
- (3) ~~passing~~ theory of accounts shall have credit for passing financial accounting and reporting; and
- (4) ~~passing~~ accounting practice (two (2) parts) shall have credit for passing accounting and reporting.

(e) As the examination for accounting practitioners, the board or the board's designee shall use ~~the Accounting and Reporting section sections~~ of the Uniform CPA examination ~~given in May and November of each calendar year and prepared by the AICPA.~~ **as provided for in this subsection. An individual with a two (2) year associate degree under IC 25-2.1-6-1(a)(3)(A) shall take the financial accounting and reporting and the accounting and reporting sections of the Uniform CPA examination. An individual with a baccalaureate degree under IC 25-2.1-6-1(a)(3)(B) shall take only the financial accounting and reporting section of the Uniform CPA examination.**

(f) The board or the board's designee may also make use of the Advisory Grading Service provided by the AICPA to assist in performing its duties under IC 25-2.1. A passing grade of seventy-five percent (75%) or more is required. (*Indiana Board of Accountancy; Rule 69-1, 12; filed Jun 30, 1978, 9:54 a.m.: 1 IR 397; filed May 1, 1984, 12:50 p.m.: 7 IR 1540; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1034; filed Aug 28, 1986, 3:20 p.m.: 10 IR 66; filed Apr 5, 1994, 3:30 p.m.: 17 IR 1888; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

SECTION 3. 872 IAC 1-3-14 IS AMENDED TO READ AS FOLLOWS:

**872 IAC 1-3-14 Reactivation of lapsed certificate**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 14. (a) An individual whose certificate has lapsed for more than eighteen (18) months who wishes to reenter the practice of accountancy must file an application to renew the lapsed certificate. An individual whose certificate has lapsed for eighteen (18) months 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.
- (2) The payment of the fee for a triennial permit specified in 872 IAC 1-1-10.
- (3) Evidence of the completion of the CPE hours required by subsection (c).

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

(d) 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 is filed; and

(2) meet the requirements established in sections 3 through 5 of this rule [872 IAC 1-3-5 was repealed filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655.].

For purposes of this section, the reporting period referenced in section 5 of this rule [872 IAC 1-3-5 was repealed filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655.] shall be the period described in subdivision (1).

**(e) CPE hours obtained by a certificate holder to renew 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 are stated in section 16 of this rule. (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)**

SECTION 4. 872 IAC 1-5 IS ADDED TO READ AS FOLLOWS:

#### **Rule 5. Substantial Equivalency**

**872 IAC 1-5-1 Certification or permit not required for CPA certificate holders from other states; substantial equivalency**

**Authority: IC 25-2.1-2-15**

**Affected: IC 25-2.1-3; IC 25-2.1-4-10**

**Sec. 1. (a) Any out-of-state CPA certificate holder, whose principal place of business is not in Indiana, exercising the privileges under IC 25-2.1-4-10 shall submit to the board, prior to practicing in Indiana, a notice of intent to practice accountancy in Indiana, including all of the following:**

**(1) The individual's name, address of the principal place of business, and certificate number.**

**(2) A certification of the CPA's certificate of registration from the jurisdiction that issued the certificate.**

**(3) The name, address, and firm permit number, if any, of the firm with which the individual CPA practices.**

**(b) An individual exercising the privileges under IC 25-2.1-4-10 shall renew with the board his or her notice of intent no later than January 2 of each year by submitting the information required in subsection (a).**

**(c) The notice of intent shall be amended within thirty (30) days after the individual changes his or her principal place of business or within thirty (30) days after the out-of-state certificate of registration has been denied, revoked, or suspended in any jurisdiction.**

**(d) An individual who previously exercised the privileges under IC 25-2.1-4-10 but no longer holds a valid certificate of registration in another state or whose principal place of business becomes in Indiana may no longer exercise those privileges without obtaining an Indiana CPA certificate. (Indiana Board of Accountancy; 872 IAC 1-5-1)**

#### **Notice of Public Hearing**

*Under IC 4-22-2-24, notice is hereby given that on May 16, 2003 at 10:30 a.m., at the Indiana Government Center-South, 402 West Washington Street, Conference Center Room 6, Indianapolis, Indiana the Indiana Board of Accountancy will hold a public hearing on proposed amendments to establish that credit hours taken to comply with the educational requirements in IC 25-2.1-3-2 cannot be duplicated, to revise the examination used for accounting practitioners to comply with IC 25-2.1-6-1, to establish that continuing professional education hours obtained to renew a lapsed certificate cannot be double counted by using the hours for credit for renewal at the end of the reporting period, and to establish the requirements for substantial equivalency. Copies of these rules are now on file at the Indiana Government Center-South, 302 West Washington Street, Room E012 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.*

Gerald H. Quigley

Executive Director  
Indiana Professional Licensing Agency