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## TITLE 872 INDIANA BOARD OF ACCOUNTANCY

LSA Document #04-33(E)

### DIGEST

Temporarily amends 872 IAC 1-1 concerning changes to facilitate the computerization of the Uniform CPA examination based on P.L.6-2003 (House Enrolled Act 1183). Authority: P.L.6-2003 (HEA 1183), SECTION 8. Effective January 26, 2004.

SECTION 1. (872 IAC 1-1-2) Applications must be made on forms authorized by the board. Reproductions will not be accepted. The forms include detailed instructions ~~which, that,~~ if followed, should furnish the board or the board's designee with sufficient information to enable it to pass upon the ~~applicant's candidate's~~ eligibility for examination or **the applicant's eligibility for** registration. The board or the board's designee may require ~~applicants candidates~~ to provide photographs, certified transcripts of education achievement, and other relevant data.

~~Examinations are ordinarily held in May and November of each year, and applications for the May examination, complete in all respects, must be filed by the preceding March 1, and the applications for the November examination, complete in all respects, must be filed by the preceding September 1.~~

SECTION 2. (872 IAC 1-1-6.2) ~~An applicant A candidate~~ is considered as graduating from an accredited educational institution if, at the time the educational institution grants the ~~applicant's candidate's~~ degree, it is accredited as outlined in sections 6.1 and 6.3 of this rule ~~[872 IAC 1-1-6.1 and 872 IAC 1-1-6.3]~~.

SECTION 3. (872 IAC 1-1-6.4) A graduate of a four (4) year degree-granting college or university not accredited at the time the ~~applicant's candidate's~~ degree was received or at the time the application was filed will be deemed to be a graduate of an accredited educational institution if:

- (1) the ~~applicant's candidate's~~ degree is equivalent to a degree from an accredited educational institution, as defined in section 6.3 of this rule ~~[872 IAC 1-1-6.3]~~, and that fact is certified by a credentials certification service;
- (2) an accredited institution defined in section 6.3 of this rule ~~[872 IAC 1-1-6.3]~~ accepts the ~~applicant's candidate's~~ nonaccredited baccalaureate degree for admission to a graduate business degree program; or
- (3) the:
  - (A) ~~applicant candidate~~ satisfactorily completes at least fifteen (15) semester hours, or the equivalent, in postbaccalaureate education at the accredited educational institution, of which at least nine (9) semester hours, or the equivalent, shall be in accounting; and
  - (B) accredited educational institution certifies that the ~~applicant candidate~~ is in good standing for the continuation in the graduate program or has maintained a grade point average in these courses that is necessary for graduation.

SECTION 4. (872 IAC 1-1-6.5) If an educational institution was not accredited at the time ~~an applicant's a candidate's~~ degree was received, but is so accredited at the time the application is filed with the board, the institution will be deemed to be accredited for the purpose of section 6.2 of this rule ~~[872 IAC 1-1-6.2]~~ provided that it certifies that the ~~applicant's candidate's~~ total educational program would qualify the ~~applicant candidate~~ for graduation with a baccalaureate degree during the time the institution has been accredited.

SECTION 5. (872 IAC 1-1-6.6) If ~~an applicant's a candidate's~~ degree was received at an accredited educational institution ~~pursuant to under~~ section 6.3 or 6.4 of this rule ~~[872 IAC 1-1-6.3 or 872 IAC 1-1-6.4]~~, but the educational program that was used to qualify the ~~applicant's candidate's~~ major included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which the ~~applicant's candidate's~~ degree was received provided the accredited institution **has** either:

- (1) ~~has~~ accepted such courses by including them in its official transcript; or

(2) ~~has~~ certified to the board that it will accept such courses for credit toward graduation.

SECTION 6. (872 IAC 1-1-8) (a) This SECTION and sections 8.2 through 8.5 of this rule [~~872 IAC 1-1-8.2 through 872 IAC 1-1-8.5~~] implement the requirements in IC 25-2.1-3-10 for experience to be obtained by applicants for certified public accountant certificates before the certificate or license may be issued by the board. The experience requirements are twenty-four (24) months of full-time employment in the following positions:

- (1) As an employee or an accounting intern engaged in an accounting position in a firm (as that term is defined in 872 IAC 1-0.5-1(11)).
- (2) As an employee in a financial or accounting position in industry, government, or a nonprofit organization.
- (3) As an employee in an advisory and/or consulting services position related to one (1) or more of the following activities:
  - (A) Financial.
  - (B) Accounting.
  - (C) Operational.
- (4) As an instructor teaching accounting in a college or university (four (4) year institutions or junior colleges).
- (5) As an instructor teaching accounting in an institution created under ~~IC 25-12-61~~ **IC 20-12-61** or private school registered under IC 20-12-62.

(b) Clerical functions shall not count under this SECTION toward meeting the experience requirements. Clerical functions are positions that do not have accounting significance, including doing merely mathematical calculations, account analysis (looking into accounting books for specific information already recorded), and merely recording information in the general ledger (as opposed to compiling the information). Positions that partly qualify under this SECTION and partly do not qualify shall be treated under this method provided for in section 8.2 of this rule [~~872 IAC 1-1-8.2~~] with the part of the position that does not qualify under this SECTION being treated as if it were part-time employment.

(c) Experience in fractions of months will be counted.

(d) An applicant may combine the types of experience described in subsection (a). ~~of this rule.~~ To do so, the applicant must obtain a total of twenty-four (24) months of experience.

SECTION 7. (872 IAC 1-1-8.3) (a) An applicant's experience in a particular position meets the requirements in IC 25-2.1-3-10 if the work is verified by ~~a licensee~~ **the holder of an active certificate issued by the board or issued by another state so long as the certificate allows the holder to perform similar acts to those allowed to be performed by certificate holders in Indiana** who:

- (1) employed the applicant or a legal entity controlled by that individual employed the applicant;
- (2) worked for the same employer as the ~~applicant;~~ **applicant;**
- (3) reviewed the accounting work of the applicant on a periodic basis in the capacity of an outside accounting firm, a government agency, or some similar capacity; or
- (4) otherwise has direct knowledge of the work performed by the applicant.

(b) Any ~~licensee~~ **certificate holder** who has been requested by an applicant to submit to the board verification of the applicant's experience and has refused to do so shall, upon request by the board, explain in writing or in person the basis for such refusal.

SECTION 8. (872 IAC 1-1-9) ~~An applicant~~ **A candidate** wishing to take the examination must:

- (1) complete the application provided for in section 2 of this rule [~~872 IAC 1-1-2~~]; and
- (2) pay the ~~applicant's~~ **candidate's** cost of purchasing the examination, payable to the examination service.

SECTION 9. (872 IAC 1-1-9.5) Notwithstanding sections 2 and 6 of this rule [~~872 IAC 1-1-2 and 872 IAC 1-1-6~~] and any other provisions of this title [~~872 IAC~~] that may be to the contrary, ~~applicants~~ **candidates** may **not** take the certified public accountant examination prior to meeting the education requirements. ~~However, if an applicant who has taken the examination before meeting the education requirements fails to satisfactorily complete degree requirements within sixty (60) days after taking the examination, the applicant's examination is invalid. This section shall only apply until January 1, 2000.~~

SECTION 10. (872 IAC 1-1-10) (a) Applications to take the ~~May~~ **certified public accountant** examination must be ~~filed by the preceding March 1.~~ Application to take the November examination must be filed by the preceding September 1. ~~If March 1 or~~

September 1 is a Saturday, a Sunday, a legal holiday under state statute, or a day that the Indiana professional licensing agency's offices are closed during regular business hours, the deadline shall be the first day thereafter that is not a Saturday, a Sunday, a legal holiday under state statute, or a day that the Indiana professional licensing agency's offices are closed during regular business hours. The date the application is filed shall be calculated in the manner provided for in IC 4-21.5-3-1(f). Applicants **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 ~~applicant's~~ **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) For restoration of an expired triennial certificate of registration for CPAs, PAs, and APs, fifty dollars (\$50) plus all unpaid renewal fees.
- (6) Triennial permit to practice for firms, thirty dollars (\$30).
- (7) For restoration of an expired triennial permit to practice for firms, fifty dollars (\$50) plus all unpaid renewal fees.
- (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.

SECTION 11. (872 IAC 1-1-12) (a) **Effective April 2004**, as the examination for certified public accountant ~~applicants,~~ **candidates**, the board or the board's designee shall use the **computer-based** Uniform CPA examination that is ~~given in May and November available to be taken in four (4) testing windows as provided in section 14 of each calendar year this rule [872 IAC 1-1-14]~~ 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:~~ **sections:**

- (1) Auditing **and attestation.**
- (2) Business ~~law environment~~ and ~~professional responsibilities:~~ **concepts.**
- (3) Financial accounting and reporting.
- (4) ~~Accounting and reporting - taxation, managerial and governmental, and not-for-profit organizations:~~ **Regulations.**

(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)~~ (c) For purposes of section 19 of this rule [872 IAC 1-1-19], for conditioned candidates reexamination requirements, those ~~applicants~~ **candidates** who prior to the ~~May 1994 examination~~ **April 2004** had credit for passing:

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

~~(e)~~ (d) As the examination for accounting practitioners, the board or the board's designee shall use sections of the **computer-based** Uniform CPA examination 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~~ **regulations** 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)~~ (e) 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.~~

SECTION 12. (872 IAC 1-1-14) ~~Time of Holding Examinations.~~ Examinations are held in May and November of each (a) **Beginning April 2004, candidates will be allowed to take the examination during the following four (4) testing windows in a calendar year:**

- (1) **January 2 through February 29.**
- (2) **April 1 through May 31.**
- (3) **July 1 through August 31.**
- (4) **October 1 through November 30.**

~~Written notice of the exact dates for examinations shall be mailed to each person who has on file an approved application to sit for the CPA examination.~~

(b) **Eligible candidates shall be notified of the time, place, and procedures of the examination or shall independently contact the board or a test center operator identified by the board to obtain the time, place, and procedures for the examination at an approved test site.**

SECTION 13. (872 IAC 1-1-19) (a) ~~This section applies to examinations of candidates. The examination papers shall be graded on the scale of 100. The candidate must attain the uniform passing grade in each subject is of seventy-five (75), scaled through a psychometrically acceptable standard setting procedure and approved by the board.~~

(b) ~~A candidate must may take all subjects at one (1) sitting until the candidate becomes a conditioned candidate or passes all subjects. the required test sections individually and in any order. Credit for any test section passed shall be valid for eighteen (18) months from the actual date the candidate took that test section provided the following:~~

- (1) ~~Candidates must pass all four (4) test sections of the Uniform CPA examination within a rolling eighteen (18) month period, which begins on the date that the first test section passed is taken.~~
- (2) ~~Candidates cannot retake a failed test section in the same testing window.~~
- (3) ~~In the event all four (4) test sections of the Uniform CPA examination are not passed within the rolling eighteen (18) month period, credit for any test section passed more than eighteen (18) months previously will expire and that test section must be retaken.~~

~~(c) IC 25-2.1-3-6 states the requirements for a candidate to achieve conditioned status (receive credit for passing two (2) or three (3) sections of the examination):~~

~~(d) If, on reexamination, the candidate fails to pass the remaining subject or subjects within the time provided for reexamination of candidates having a conditioned standing, such candidate shall revert to the status of a new applicant and shall be required to file a new application and write the entire examination.~~

(c) **Candidates having earned conditional credits on the paper and pencil examination, prior to April 2004, will retain conditional credits for the corresponding test sections of the computer based CPA examination as follows:**

<b>Paper and Pencil Examination</b>	<b>Computer-Based Examination</b>
<b>Auditing</b>	<b>Auditing and attestation</b>
<b>Financial Accounting and Reporting (FARE)</b>	<b>Financial accounting and reporting</b>
<b>Accounting and Reporting (ARE)</b>	<b>Regulation</b>
<b>Business Law and Professional Responsibilities (LPR)</b>	<b>Business environment and concepts</b>

(d) **Additional requirements for the transitional conditional status are as follows:**

- (1) **Candidates who have attained conditional status prior to April 2004 will be allowed a transition period to complete**

any remaining test sections of the CPA examination. The transition is the maximum number of opportunities that candidates who have conditioned under the paper and pencil examination have remaining, prior to April 2004, to complete all remaining test sections, or the number of remaining opportunities under the paper and pencil examination, multiplied by six (6) months, whichever is first exhausted.

(2) If a previously conditioned candidate does not pass all remaining test sections during the transition period, conditional credits earned under the paper and pencil examination will expire and the candidate will lose credit for the test sections earned under the paper and pencil examination. However, any test section passed during the transition period is subject to the conditioning provisions of the computer-based examination as provided for in subsection (c), except that a previously conditioned candidate will not lose conditional credit for a test section of the computer-based examination that is passed during the transition period, even though more than eighteen (18) months may have elapsed from the date the test section is passed, until the end of the transition period.

(e) Under IC 25-2.1-3-8, the board may extend the term of conditional credit validity if the candidate can show that the credit was lost by reason of circumstances beyond the candidate's control.

(f) A candidate shall be deemed to have passed the Uniform CPA examination once the candidate holds at the same time valid credit for passing each of the four (4) test sections of the examination. For purposes of this SECTION, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that testing section, regardless of the date the candidate actually receives notice of the passing grade.

SECTION 14. (872 IAC 1-1-25) An applicant for a CPA certificate who has ~~written~~ taken the Uniform CPA examination under the jurisdiction of another state may be given credit for subjects passed as provided for by IC 25-2.1-3-7.

SECTION 15. THE FOLLOWING ARE TEMPORARILY REPEALED: 872 IAC 1-1-17; 872 IAC 1-1-22; 872 IAC 1-1-23.

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