

## **IC 25-2.1-5**

### **Chapter 5. Permits for Firms**

#### **IC 25-2.1-5-1**

##### **Grant of permit or renewal**

Sec. 1. The board shall grant or renew a permit to practice accountancy to a CPA or PA firm that applies and meets the requirements under this chapter.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.28.*

#### **IC 25-2.1-5-2**

##### **Expiration of renewal**

Sec. 2. An initial and renewed permit expires at the earlier of the following:

- (1) Three (3) years after issuance.
- (2) At a time established by the board.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.29.*

#### **IC 25-2.1-5-3**

##### **Form and time for application; grant or denial; temporary permit**

Sec. 3. (a) An application for a permit must be made:

- (1) in a form; and
- (2) in the case of an application for renewal, between the dates the board specifies.

(b) The board shall grant or deny an application within ninety (90) days after the application is properly filed.

(c) When the applicant seeks the opportunity to show that issuance or renewal of a permit was mistakenly denied, or when the board is not able to determine whether a permit should be granted or denied, the board may issue to the applicant a temporary permit that expires ninety (90) days after issuance or when the board determines whether to issue or renew the permit.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.30.*

#### **IC 25-2.1-5-4**

##### **Application for initial permit; demonstration of firm member qualifications**

Sec. 4. (a) An applicant for initial issuance or renewal of a permit to practice under this chapter must show that:

- (1) a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, belongs to holders of an active CPA certificate issued under this article or a corresponding certificate that is issued after examination by another state; and
- (2) the partners, officers, shareholders, members, or managers whose principal place of business is in Indiana and who practice

accountancy in Indiana hold a valid CPA certificate issued under this article.

(b) For firms of public accountants, at least a simple majority of ownership of the firm, in terms of financial interests and voting rights, must belong to public accountants certified under IC 25-2.1-6.

(c) A firm issued a permit under this section may include nonlicensee owners if:

(1) the firm designates a licensee who is responsible for the proper registration of the firm and identifies that individual to the board;

(2) all nonlicensee owners are active individual participants in the CPA or PA firm or affiliated entities; and

(3) the firm complies with the other requirements that the board may impose by rule.

(d) An individual licensee who is responsible for supervising attest or compilation services and signs or authorizes an individual to sign the accountant's report on the financial statements on behalf of the firm shall meet the competency requirements set out in the professional standards adopted by the board for the services.

(e) An individual licensee who signs or authorizes an individual to sign the accountant's report on the financial statements on behalf of the firm shall meet the competency requirement of subsection (d). *As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.31.*

#### **IC 25-2.1-5-5**

##### **Application for initial permit; registration of separate offices run by qualified person**

Sec. 5. (a) An applicant for initial issuance or renewal of a permit to practice as a CPA firm under this chapter must:

(1) register each office of the firm within Indiana with the board; and

(2) show that all attest and compilation services rendered in this state are under the charge of an individual holding a valid CPA certificate issued under this article or the corresponding provisions of another state.

(b) An applicant for initial issuance or renewal of a permit to practice as a PA firm under this chapter must:

(1) register each office of the firm within Indiana with the board; and

(2) show that all attest and compilation services rendered in this state are under the charge of an individual holding a valid CPA or PA certificate issued under this article or the corresponding provision of another state.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.32.*

#### **IC 25-2.1-5-6**

##### **Fees**

Sec. 6. The board shall establish fees under IC 25-1-8-2.

*As added by P.L.30-1993, SEC.7.*

**IC 25-2.1-5-7**

**Information as to other jurisdictions where applicant practices; notice of changes in practice or suspension of members**

Sec. 7. (a) An applicant for initial issuance or renewal of a permit under this chapter shall:

- (1) list each state in which the applicant has applied for or holds a permit to practice accountancy as a firm;
- (2) list any past denial, revocation, or suspension of a permit by another state; and
- (3) notify the board in writing, not more than thirty (30) days after a change:
  - (A) in the identities of partners, members, officers, or shareholders who work regularly in Indiana;
  - (B) in the number or location of offices in Indiana;
  - (C) in the identity of the individuals in charge of the offices; and
  - (D) of the issuance, denial, revocation, or suspension of a permit by another state.

(b) Firms that fail to comply with this chapter due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm into compliance as quickly as possible. The board may grant a reasonable time for a firm to take corrective action. Failure to bring the firm into compliance within a reasonable period as determined by the board shall result in the suspension or revocation of the firm permit.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.33.*

**IC 25-2.1-5-8**

**Rules requiring quality review before renewal**

Sec. 8. (a) The board shall adopt rules that require as a condition to renew a permit under this chapter, that an applicant undergo, not more than once every three (3) years, a quality review (before July 1, 2012) or peer review (after June 30, 2012) conducted in a manner the board specifies.

(b) The rules adopted under subsection (a) must:

- (1) be adopted reasonably in advance of the time when a quality review (before July 1, 2012) or peer review (after June 30, 2012) first becomes effective;
- (2) include reasonable provision for compliance by an applicant showing that the applicant has in the preceding three (3) years undergone a quality review (before July 1, 2012) or peer review (after June 30, 2012) that is a satisfactory equivalent to the quality review (before July 1, 2012) or peer review (after June 30, 2012) required under this section;
- (3) require, with respect to quality reviews (before July 1, 2012) or peer reviews (after June 30, 2012) under subdivision (2), that the quality review (before July 1, 2012) or peer review (after

June 30, 2012) be subject to review by an oversight body established or sanctioned by the board that shall:

- (A) comply with IC 25-2.1-9-4; and
  - (B) periodically report to the board on the effectiveness of the review program and provide to the board a listing of firms that have participated in a quality review (before July 1, 2012) or peer review (after June 30, 2012) program; and
- (4) subject to section 9 of this chapter and IC 25-2.1-9-4, require, with respect to quality reviews (before July 1, 2012) or peer reviews (after June 30, 2012) under subdivision (2), that:
- (A) the proceedings, records, and work papers of a review committee are privileged and are not subject to discovery, subpoena, or other means of legal process or introduction into evidence in a civil action, arbitration, administrative proceeding, or Indiana board of accountancy proceeding; and
  - (B) a member of the review committee or individual who was involved in the quality review (before July 1, 2012) or peer review (after June 30, 2012) process is not permitted or required to testify in a civil action, arbitration, administrative proceeding, or board proceeding to matters:
    - (i) produced, presented, disclosed or discussed during, or in connection with, the quality review (before July 1, 2012) or peer review (after June 30, 2012) process; or
    - (ii) that involve findings, recommendations, evaluations, opinions, or other actions of the committee or a committee member.

*As added by P.L.30-1993, SEC.7. Amended by P.L.190-2007, SEC.10; P.L.197-2011, SEC.78.*

#### **IC 25-2.1-5-9**

##### **Quality review; confidentiality of records**

Sec. 9. (a) Notwithstanding section 8(b)(4)(B) of this chapter, information, documents, or records that are publicly available are not immune from discovery or use in any civil action, arbitration, administrative proceeding, or board proceeding merely because they were presented or considered in connection with the quality review (before July 1, 2012) or peer review (after June 30, 2012) process.

(b) Any:

- (1) materials prepared in connection with a particular engagement merely because they happen to subsequently be presented or considered as part of the quality review (before July 1, 2012) or peer review (after June 30, 2012) process; or
- (2) dispute between review committees and individuals or firms subject to a quality review (before July 1, 2012) or peer review (after June 30, 2012) arising from the performance of the quality review (before July 1, 2012) or peer review (after June 30, 2012);

are not privileged.

*As added by P.L.30-1993, SEC.7. Amended by P.L.197-2011,*

*SEC. 79.*