
TITLE 872 INDIANA BOARD OF ACCOUNTANCY**Final Rule**

LSA Document #08-293(F)

DIGEST

Amends [872 IAC 1-0.5-1](#) to define "group program", "Internet-based study", and "self-study". Amends [872 IAC 1-3-3](#) to revise the length of program and instruction of hour, to allow one-half continuing education credit for programs, and to increase the minimum number hours for ethics in the reporting period. Amends [872 IAC 1-3-3.2](#) to revise the requirements for continuing professional education self-study. Amends [872 IAC 1-3-4](#) to revise the course requirements to bring it into conformity with [IC 25-1-4](#). Adds [872 IAC 1-3-5.1](#) to establish additional qualitative requirements for continuing professional education courses. Amends [872 IAC 1-3-6](#) to revise the retention of certificates of completion and other records to support continuing professional education claimed. Amends [872 IAC 1-3-14.5](#) to revise reactivation of an inactive license. Amends [872 IAC 1-3-17](#) to remove the language to allow licensee to renew license without having yet completed CPE. Amends [872 IAC 1-3-18](#) to revise the requirements for board review of continuing education compliance to bring the rule into conformity with [IC 25-1-4](#). Effective 30 days after filing with the Publisher.

[872 IAC 1-0.5-1](#); [872 IAC 1-3-3](#); [872 IAC 1-3-3.2](#); [872 IAC 1-3-4](#); [872 IAC 1-3-5.1](#); [872 IAC 1-3-6](#); [872 IAC 1-3-14.5](#); [872 IAC 1-3-17](#); [872 IAC 1-3-18](#)

SECTION 1. [872 IAC 1-0.5-1](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-0.5-1](#) Definitions**Authority:** [IC 25-2.1-2-15](#)**Affected:** [IC 25-2.1-1-7](#)

Sec. 1. The following definitions apply throughout this title:

- (1) "Accounting internship" means work experience in accounting obtained with an employer for credit from a university or college.
- (2) "AICPA" means **the** American Institute of Certified Public Accountants.
- (3) "AP" means accounting practitioner.
- (4) "Board" means the Indiana board of accountancy.
- (5) "Bookkeeping" means the:
 - (A) recording;
 - (B) classifying; and
 - (C) summarizing;of financial transactions of an entity from original documents for the purpose of preparing financial statements for internal use of management.
- (6) "Corporate internal audit position" means work experience in the examination and evaluation of the adequacy and effectiveness of an organization's accounting and financial records and its system of internal control.
- (7) "Course", **for CPE**, includes the following:
 - (A) Seminars.
 - (B) Workshops.
 - (C) Panel discussions.
 - (D) Technical sessions.
 - (E) Similar terms to describe organized instruction.
- (8) "CPA" means certified public accountant.
- (9) "CPE" means continuing professional education.
- (10) "Financial statements" means the results of arranging fiscal transactions into a form in order to provide readers with information.
- (11) "Firm" has the meaning as set forth in [IC 25-2.1-1-7](#). The term includes entities organized under the laws of Indiana or any other state, including limited liability partnerships.
- (12) "Full-time employment" means a position in which the individual:
 - (A) works at least forty (40) hours per week; or
 - (B) if a teaching position, carries a teaching load of at least twelve (12) semester hours or the equivalent.
- (13) "Group program" means a CPE process designed to permit a participant to learn a given subject**

through real-time interaction with an instructor and other participants either:

(A) in a classroom or conference setting;

(B) by telephonic means; or

(C) by using the Internet.

~~(13)~~ (14) "He", "his", or "him", the masculine pronouns, includes the feminine and the neuter gender.

~~(14)~~ (15) "Hours", used without a modifier, means CPE credit hours.

(16) "Internet-based study" means a CPE learning activity, through a group program or a self-study course, that is designed to permit a participant to learn the given subject matter via the Internet.

~~(15)~~ (17) "PA" means public accountant.

~~(16)~~ (18) "Public communication" means a communication made in identical form to multiple persons or to the world at large, as by:

(A) television;

(B) radio;

(C) motion picture;

(D) newspaper;

(E) pamphlet;

(F) mass mailing;

(G) letterhead;

(H) business card; or

(I) directory.

(19) "Self-study" means a CPE process designed to permit a participant to learn a given subject without involvement of an instructor. Self-study courses use a pilot test to measure the average completion time from which the recommended CPE credit is determined.

Any provision in this article that requires a specific number of semester credit hours shall be converted to the equivalent if a different grading period is used at the college or university. Unless it is established that a different equivalency applies, it shall be presumed that the correct equivalency is two (2) semester hours for every three (3) quarter hours.

(Indiana Board of Accountancy; [872 IAC 1-0.5-1](#); filed Aug 18, 1983, 3:20 p.m.: 6 IR 1925; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1029; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2342; errata filed Sep 14, 1994, 2:50 p.m.: 18 IR 269; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3932; errata filed Jul 28, 1998, 10:59 a.m.: 21 IR 4537; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1650; 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 2. [872 IAC 1-3-3](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-3](#) Continuing professional education

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

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

Sec. 3. (a) Applicants for renewal of a certificate as a CPA, PA, or AP must complete a minimum of one hundred twenty (120) hours of instruction in subjects acceptable under ~~section~~ **sections 4 and 5.1** of this rule. ~~Subsection~~ **Subsections** (c) and (d) and sections 3.1 through 3.4 of this rule will apply to determine the number of hours.

(b) ~~Measurements and reporting shall be in full hours~~ **CPE is measured by course length with a one (1) fifty (50) minute instruction period equaling equal to one (1) hour of CPE credit. One-half (1/2) hour CPE credit increments (equal to twenty-five (25) minutes) are permitted after the first hour of credit has been earned in a given course. When the total minutes of a course are greater than fifty (50) minutes, but not divisible by fifty (50), CPE credit hours granted will be rounded down to the nearest one-half (1/2) credit. For example, for courses with segments totaling one hundred forty (140) minutes, two and one-half (2 1/2) hours CPE credit may be granted.**

(c) A minimum of ten percent (10%) of the **required minimum** hours in ~~the a~~ reporting period shall be in accounting or auditing, or both.

(d) **Through the reporting period ending on December 31, 2008**, a minimum of two (2) hours in the

reporting period shall be in ethics for accountants. **Starting with the reporting period beginning on January 1, 2009, a minimum of four (4) hours in the reporting period shall be in ethics for accountants.**

(e) The time reporting period in which the applicant must have a minimum of one hundred twenty (120) hours is the three (3) years ending on December 31 prior to the expiration of certificates with a minimum of twenty (20) hours per year.

(Indiana Board of Accountancy; Rule 69-1, 40,3; filed Feb 15, 1980, 3:05 p.m.: 3 IR 642; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1041; filed Aug 28, 1986, 3:20 p.m.: 10 IR 68; filed May 17, 1988, 3:15 p.m.: 11 IR 3567, eff Jul 1, 1988; filed Dec 4, 1989, 4:40 p.m.: 13 IR 632; filed Nov 20, 1990, 9:33 a.m.: 14 IR 758, eff Jan 1, 1991; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2348; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3935; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1654; filed Nov 20, 2000, 3:04 p.m.: 24 IR 1031; 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 3. [872 IAC 1-3-3.2](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-3.2](#) CPE self-study

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

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

Sec. 3.2. (a) Self-study courses ~~are~~ **shall be** acceptable, provided the following:

- (1) The subject matter is acceptable under section 4 of this rule.
- (2) A certificate of satisfactory completion is awarded ~~as of~~ **no later than** the end of the reporting period. The time to be included is the CPE course rating.
- (3) Total time **of self-study as allowed** under this section is limited to fifty percent (50%) of the total minimum requirement for the reporting period.

(b) Internet-based study that is not identified as a group program shall be presumed to be self-study.

(Indiana Board of Accountancy; [872 IAC 1-3-3.2](#); filed Jun 5, 1998, 3:58 p.m.: 21 IR 3936; errata filed Jul 28, 1998, 10:59 a.m.: 21 IR 4537; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655; 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 1-3-4](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-4](#) Course requirements

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

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

Sec. 4. (a) For a course to qualify and be included in the CPE minimum hour requirement, it must be:

- (1) formally organized;
- (2) primarily instructional; and ~~contribute~~
- (3) **designed to** directly ~~to professional competence in~~ **enhance the certificate holder's knowledge and skill in providing services in the** practice of public accountancy.

The requirements of subsection (b) must be met for a course to qualify.

(b) The following do not qualify:

- (1) Meetings conducted during eating periods.
- (2) Business meetings for the:
 - (A) election of directors or officers;
 - (B) treasurers' reports; or
 - (C) committee reports.
- (3) Committee work with local, state, and national professional organizations.

(4) Firm staff meetings ~~which~~ **that** are oriented toward administrative and housekeeping matters.

(c) The board may obtain assistance from state and national accounting organizations relating to interpreting the acceptability and number of CPE hours for an individual sponsor or course.

(Indiana Board of Accountancy; Rule 69-1, 40, 4; filed Feb 15, 1980, 3:05 p.m.: 3 IR 643; filed May 1, 1984, 12:50 p.m.: 7 IR 1546; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1042; filed Aug 28, 1986, 3:20 p.m.: 10 IR 69; filed May 17, 1988, 3:15 p.m.: 11 IR 3568, eff Jul 1, 1988; filed Dec 4, 1989, 4:40 p.m.: 13 IR 633; filed Nov 20, 1990, 9:33 a.m.: 14 IR 759, eff Jan 1, 1991; filed Aug 22, 1991, 5:00 p.m.: 15 IR 8; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2349; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655; 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 5. [872 IAC 1-3-5.1](#) IS ADDED TO READ AS FOLLOWS:

[872 IAC 1-3-5.1](#) CPE sponsor requirements

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

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

Sec. 5.1. The following are required for CPE courses to be eligible:

(1) The course sponsor must:

(A) be qualified in the subject matter; and

(B) use activities, materials, and delivery systems that are:

(i) current;

(ii) technically accurate; and

(iii) effectively designed.

(2) Sponsored courses and materials must be prepared, presented, and updated timely. Learning activities must be developed by individuals or teams having expertise in the subject matter. Expertise may be demonstrated through practical experience or education.

(3) The course materials must be periodically reviewed by the CPE course sponsor to assure that they are accurate and consistent with currently accepted standards relating to the program's subject matter.

(Indiana Board of Accountancy; [872 IAC 1-3-5.1](#); filed Nov 5, 2008, 2:33 p.m.: [20081203-IR-872080293FRA](#))

SECTION 6. [872 IAC 1-3-6](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-6](#) Application for renewal of certificate; fee

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

Affected: [IC 25-2.1-4-2](#); [IC 25-2.1-4-5](#)

Sec. 6. (a) Certificate holders must file triennially an application to renew their certificates using the application form provided by the board. Certificates expire on June 30 of every third year, for example, June 30, 1994, and June 30, 1997.

(b) Applicants must sign a statement under penalty of perjury that:

(1) the hours submitted are substantially correct;

(2) they attended and completed courses taken; and

(3) to the best of their knowledge, the courses completed meet the requirements of this rule.

(c) The board may:

(1) verify any information submitted by the applicant; and ~~may~~

(2) request the applicant to submit evidence supporting the course information.

(d) Each application for a permit must be accompanied by a check or money order in the amount specified in [872 IAC 1-1-10](#).

(e) It is the responsibility of each applicant to retain ~~evidence~~ **certificates of completion and other records** to support the courses taken for ~~seventy-two (72)~~ **thirty-six (36)** months from the ~~date the application is submitted to the board.~~ **end of the renewal period for which CPE applied.** These records shall include the following:

- (1) **Certificates of completion, such as the following:**
 - (A) Course attendance verification by the sponsor.
 - (2) (B) Certificates of completion for self-study courses.
 - (3) (C) CPE attendance history by employer or third party.
- (2) **Course outline or other evidence of course content.**
- (4) (3) Other evidence of support and justification.

(f) The board may ask certificate holders to provide information as provided in subsection (e) in order to verify the CPE hours claimed on the application. Failure to ~~do so~~ **comply with this section** may lead to ~~suspension or censure of result in the certificate holder.~~ **board disallowing CPE.**

(Indiana Board of Accountancy; Rule 69-1, 40, 6; filed Feb 15, 1980, 3:05 p.m.: 3 IR 644; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1933; filed May 1, 1984, 12:50 p.m.: 7 IR 1547; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1043; filed Aug 28, 1986, 3:20 p.m.: 10 IR 70; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2350; 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 7. [872 IAC 1-3-14.5](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-14.5](#) Reactivation of inactive license

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

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

Sec. 14.5. (a) A licensee who:

- (1) is not active because of the selection of inactive status under [IC 25-2.1-4-5\(c\)](#); and
 - (2) wishes to reactivate his certificate;
- must file an application for reactivation.

(b) The application shall be accompanied by evidence of completion of the CPE hours required in subsection (c).

(c) In order to activate the certificate, 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 4 of this rule.

For purposes of this section, the reporting period referenced in section 5 4 of this rule shall be the period described in subdivision (1).

(e) CPE hours obtained by a licensee to reactivate an inactive license 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 1-3-14.5](#); filed Jun 5, 1998, 3:58 p.m.: 21 IR 3937; 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 8. [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 25-1-11](#); [IC 25-2.1-4-2](#); [IC 25-2.1-4-5](#); [IC 25-2.1-8](#)

Sec. 17. (a) 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. An individual whose license has lapsed longer than eighteen (18) months is governed by section 14 of this rule.

~~(b) Notwithstanding subsection (a), the board, upon application by the licensee, may renew a certificate despite failure to furnish evidence of completion of continuing education requirements on the condition the licensee follow a particular program or schedule of continuing education to be completed within a period determined by the board to be within a reasonable period of time. If the licensee fails to present proof of completion of the program or schedule, he or she shall be subject to the sanctions provided for under [IC 25-1-11](#) and [IC 25-2.1-8](#).~~

(e) ~~(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 9. [872 IAC 1-3-18](#) IS AMENDED TO READ AS FOLLOWS:

[872 IAC 1-3-18](#) Board review of continuing education compliance

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

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

Sec. 18. (a) If, as the result of an audit or other review, the board determines that CPE hours a licensee has claimed do not meet the requirements of this rule (~~[872 IAC 1-3](#)~~), it shall notify the licensee of that determination **in accordance with [IC 25-1-4-5](#)**.

~~(b) A licensee, who has been notified under subsection (a), may within thirty (30) days submit information to the board giving all the substantive reasons in support of his or her position that an adequate number of hours have been obtained.~~

(e) ~~(b)~~ Licensee who submits false information under ~~[872 IAC 1-3-6](#)~~ **section 6 of this rule** or this section shall be subject to the ~~sanctions~~ **action** provided for under (~~[IC 25-2-1-13.1](#)~~; [IC 25-1-4-5](#) and [IC 25-1-11](#)).

(Indiana Board of Accountancy; [872 IAC 1-3-18](#); filed May 17, 1988, 3:15 p.m.: 11 IR 3571, eff Jul 1, 1988; 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](#))

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