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TITLE 872 INDIANA BOARD OF ACCOUNTANCY

LSA Document #03-270

To: The Honorable Michael Young, Chairperson
Administrative Rules Oversight Committee

From: Medana C. Davis
Staff Counsel

Date: July 29, 2004

Re: LSA Document #03-270 - Quality Review for Accounting Firms

Cc: Sarah Burkman, Staff Attorney, LSA
Gerald Quigley, Executive Director, PLA
Deborah Widemon, Board Director

On behalf of the Indiana Professional Licensing Agency and Indiana Board of Accountancy ("Board"), I am submitting this memorandum to the Administrative Rules Oversight Committee ("AROC") pursuant to IC § 4-22-2-19(c)(2) because the agency did not institute the rulemaking process within sixty (60) days after the effective date of the statute that authorizes the rule.

Pursuant to IC § 25-2.1-2-15(7) and IC § 25-2.1-5-8, effective July 1, 1993, the Indiana Board of Accountancy may adopt rules under Ind. Code § 4-22-2 governing the practice of accountancy and the conduct of licensees, including requiring quality reviews as a condition for renewal of a firm permit. Given the bad publicity of the past years for accountants, the Board wants to require quality reviews of firms to protect the public, advance the profession, and assist firms by educating and improving firms' quality of work. The Board reviewed other states' requirements for quality reviews, the Uniform Accountancy Act and Rules, and the standards for quality review of the national accounting organizations. The Board is now prepared to proceed with administrative rules to establish the requirements for quality review under IC 25-2.1-5-8.

If you have any further concerns or require additional information, please do not hesitate to contact me at 317-234-2912 or email me at mdavis@hpb.state.in.us.

Sincerely,

Medana C. Davis