

Dear Senators ANDREASON, Coiner & Werk, and
Representatives BLACK, Henderson & Elaine Smith:

The Office of the Legislative Services, Research and Legislation, has received the enclosed rules of the Board of Accountancy: IDAPA 01.01.01 - Idaho Accountancy Rules (Docket #01-0101-0801).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative Services. The final date to call a meeting on the enclosed rules is no later than 5-21-08. If a meeting is called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis from Legislative Services. The final date to hold a meeting on the enclosed rules is 6-18-08.

_____The germane joint subcommittee may request a statement of economic impact with respect to a proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement, and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has been held.

To notify Research and Legislation, call 334-2475, or send a written request to the address or FAX number indicated on the memorandum enclosed.

MEMORANDUM

TO: Subcommittees for Administrative Rules Review of the Senate Commerce and Human Resources Committee and the House Business Committee

FROM: Eric Milstead, Principal Research Analyst

DATE: May 2, 2008

SUBJECT: Idaho State Board of Accountancy - IDAPA 01.01.01 (Docket No. 01-0101-0801)

The Idaho State Board of Accountancy has submitted notice of temporary and proposed rulemaking at IDAPA 01.01.01 -- Idaho Accountancy Rules. According to the Board of Accountancy, the temporary and proposed rule implements changes stemming from the passage of House Bill 379. The rule also reflects other updates. The effective date of the temporary rule is July 1, 2008.

Among other revisions, the temporary and proposed rule reflects the following:

- Implements House Bill 379 by revising provisions relating to practice privileges, license reciprocity, qualifications, licensure reinstatement, and re-entry from inactive or retired status. The rule also revises provisions relating to continuing education requirements including a requirement to complete coursework on Idaho statutes and rules. These revisions appear to be consistent with the provisions of House Bill 379. (See Proposed Rule, pages 17, 19, and 20 through 22).
- Adopts the 2008 Model Code of Conduct issued by the National Association of State Boards of Accountancy and also provides that the Board may disclose to appropriate authorities information relating to filed complaints in cases where the Board is cooperating with other states in certain investigations and enforcement. (See Proposed Rule, page 15).
- Provides requirements relating to “Good Moral Character” including:
 - Applicants have the burden of demonstrating good moral character as defined in Idaho Code;

- Provides what constitutes prima facie evidence of a lack of good moral character; and,
 - Provides factors which may be considered in determining the rehabilitation of moral character. (See Proposed Rule, page 18).
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- Eliminates fees related to practice privileges. (See Proposed Rule, page 26).

The proposed rule appears to be within the authority granted to the Board under Section 54-204, Idaho Code.

cc: Barbara R. Porter, Executive Director, Board of Accountancy

IDAPA 01 - BOARD OF ACCOUNTANCY

01.01.01 - IDAHO ACCOUNTANCY RULES

DOCKET NO. 01-0101-0801

NOTICE OF RULEMAKING - TEMPORARY AND PROPOSED RULE

EFFECTIVE DATE: The effective date of the temporary rule is July 1, 2008.

AUTHORITY: In compliance with Sections 67-5221(1) and 67-5226, Idaho Code, notice is hereby given that this agency has adopted a temporary rule, and proposed rulemaking procedures have been initiated. The action is authorized pursuant to Section 54-204(1) Idaho Code.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than June 18, 2008.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is the required finding and concise statement of its supporting reasons for adopting a temporary rule and a nontechnical explanation of the substance and purpose of the proposed rulemaking: HB 379 was passed in 2008 with an effective date of July 1st. These rules implement the legislative changes and consolidate other minor updates. The primary changes coming from HB 379 are to remove the notice and fee requirements for out-of-state licensees to practice in Idaho, and to clarify client record confidentiality. Additionally the rule proposal: incorporates national standards by reference and updates their effective dates; clarifies the Board's ability to share disciplinary investigations with other State Boards of Accountancy; explains the evidence used to apply the good moral character requirement set forth in statute; defines a requirement for an ethics component in Idaho's Continuing Professional Education; and housekeeping items regarding the CPA Examination and the Peer Review program.

TEMPORARY RULE JUSTIFICATION: Pursuant to Section(s) 67-5226(1)(a) and (b), Idaho Code, the Governor has found that temporary adoption of the rule is appropriate for the following reasons: HB 379 was passed in 2008 with an effective date of July 1st. These rules implement the legislative changes and consolidate other minor updates. DFM advised our agency to combine both into one set of rule changes, which has been very efficient time-wise and cost-wise.

FEE SUMMARY: Pursuant to Section 67-5226(2), the Governor has found that the fee or charge being imposed or increased is justified and necessary to avoid immediate danger and the fee is described herein: N/A

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year: N/A

NEGOTIATED RULEMAKING: Pursuant to IDAPA 04.11.01.811, negotiated rulemaking was not conducted because the changes were discussed in public meetings and newsletters, without any objections from the public.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the temporary and proposed rule, contact Barbara R. Porter, Executive Director, at 208-334-2490.

Anyone may submit written comments regarding the proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before June 26, 2008.

DATED this 24th Day of April, 2008.

Barbara R. Porter, Executive Director
Idaho State Board of Accountancy
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Boise, Idaho 83720-0002
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THE FOLLOWING IS THE TEXT OF DOCKET NO. 01-0101-0801

004. INCORPORATION BY REFERENCE (RULE 004).

The following documents are hereby incorporated by reference into IDAPA 01.01.01 and can be obtained at the Board office. Licensees are required to comply with the following standards when applicable. (3-1-05)

01. AICPA Standards. 2007~~8~~ AICPA Professional Standards, except as superceded by Section 54-206(8), Idaho Code. (~~3-30-07~~)(7-1-08)T

02. CPE Standards. 2002 Statements on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA. (4-2-03)

03. PCAOB Standards. 2007~~8~~ Standards issued by the Public Company Accountability Oversight Board. (~~3-30-07~~)(7-1-08)T

04. NASBA Model Code of Conduct. 2008 Model Code of Conduct issued by the National Association of State Boards of Accountancy. (7-1-08)T

(BREAK IN CONTINUITY OF SECTIONS)

006. PUBLIC RECORDS (RULE 006).

01. Documents Exempt from Public Disclosure. Pursuant to Section 9-340B(1), Idaho Code, the Board office shall not disclose the filing of a complaint, the nature of a complaint, nor the details of an investigation, except to disclose such information to appropriate authorities in cases where the Board is cooperating with other states in investigation and enforcement concerning violations of the Idaho accountancy act and rules and comparable acts of other states. (4-2-03)(7-1-08)T

02. Documents Open for Public Inspection. (4-2-03)

a. Final, formal enforcement actions such as fines, assessment of expenses, revocations or suspensions. (4-2-03)

b. Probations and conditions may be subject to public disclosure whenever the Board believes it is in the public interest. Following a hearing or the entry of a consent agreement, the Board may publish a summary of any order issued by it, in a newsletter or newspapers of general circulation. The Board may also advise anyone requesting such information of the contents of any order issued by it. (4-2-03)

c. All rules issued by this agency. (4-2-03)

007. -- 009. (RESERVED).

010. DEFINITIONS (RULE 010).

The Idaho State Board of Accountancy adopts the definitions set forth in Section 54-206, Idaho Code. In addition, as used in this chapter: (4-2-03)

01. Administering Organization. An entity that has met, and at all relevant times continues to meet, the standards specified by the Board for administering peer reviews. (4-2-03)

02. Board. The Board or its designated representative. (4-2-03)

03. Candidate. Applicants approved to sit for the CPA Examination. (4-2-03)

~~**05. CPCAF.** Center for Public Company Audit Firms of the AICPA. (4-6-05)~~

~~**06. CPE.** Continuing Professional Education. (4-2-03)(7-1-08)T~~

06. Ethics CPE. Programs in ethics include topics such as ethical reasoning, state-specific statutes and rules, and standards of professional conduct, including those of other applicable regulatory bodies. (7-1-08)T

07. Examination Window. The three-month period in which candidates have an opportunity to take the CPA Examination.(3-16-04)

08. Monitoring Organization. An independent body that oversees the self-regulatory programs of the CPCAF. (4-6-05)

09. NASBA. The National Association of State Boards of Accountancy. (3-16-04)

10. National Candidate Database. The National Association of State Boards of Accountancy database of all CPA Examination candidates on a nationwide basis. (3-16-04)

11. Oversight Committee. The Peer Review Oversight Committee. (4-2-03)

12. Peer Review. The study, appraisal or review, by a licensee who is not affiliated with the licensee or firm being reviewed, of one (1) or more aspects of the professional work of a licensee or firm that issues attest or compilation reports. (4-2-03)

13. Reporting Form. CPE reporting form. (4-2-03)

14. State-Specific Ethics for Idaho. A two-hour CPE course on Idaho accountancy statutes and rules, which is exempt from the Statements on Standards for CPE. (7-1-08)T

~~**15. Test Delivery Service Provider.** Prometric is the contract vendor that delivers the computer-based CPA Examination. (3-16-04)(7-1-08)T~~

~~**16. Verification of Employment and Experience Evaluation Form.** Work experience verification form. (4-2-03)~~

~~**17. Year of Review.** The calendar year during which a peer review is conducted. (4-2-03)~~

~~**18. Year Under Review.** The twelve-month (12) period that is reviewed by the reviewers. (4-2-03)~~

(BREAK IN CONTINUITY OF SECTIONS)

012. BOARD RESPONSIBILITIES (RULE 012).

The Board has these primary responsibilities: (4-2-03)

- 01. Public Protection.** To protect the public; (4-2-03)
- 02. Rules of Conduct.** To adopt and enforce rules of professional ethics and conduct to be observed by certified public accountants and licensed public accountants in this state; (4-2-03)
- 03. Exam Applicants.** To determine and review the qualifications of applicants for the Uniform CPA Examination; (4-2-03)
- 04. CPA Examination.** To administer the Uniform CPA Examination; (4-2-03)
- 05. Initial Licenses and Practice Privileges.** To grant CPA certificates and practice privileges to those who have met the legal requirements; (4-2-03)
- 06. License ~~and Practice Privileges~~ Renewal.** To annually renew the licenses ~~and practice privileges~~ of qualifying certified public accountants and licenses of licensed public accountants; (~~4-2-03~~)(7-1-08)T
- 07. CPE.** To monitor and enforce compliance with continuing professional education requirements; (4-2-03)
- 08. Hearings.** To conduct administrative hearings in accordance with state statutes and Board rules; (4-2-03)
- 09. Firm Registration.** To register public accounting firms; (4-2-03)
- 10. Peer Review.** To monitor compliance with the peer review program; (4-2-03)
- 11. Enforcement.** To curtail activities by unlicensed persons representing themselves as certified public accountants or licensed public accountants; and (4-2-03)
- 12. Other.** To administer other provisions of Title 54, Chapter 2, Idaho Code. (4-2-03)

(BREAK IN CONTINUITY OF SECTIONS)

016. DUTIES OF THE EXECUTIVE DIRECTOR (RULE 016).

- 01. CPA Examination.** The executive director shall determine when the prerequisites and procedures for examination qualification have been satisfactorily completed and shall submit a list of the approved names of exam applicants at each Board meeting. (4-2-03)
- 02. Licensure or Practice Privileges.** The executive director shall determine when the prerequisites and procedures for licensure or practice privileges have been satisfactorily completed and shall submit a list of the approved names for licensure ~~or practice privileges~~ at each Board meeting. (~~4-2-03~~)(7-1-08)T
- 03. Minutes.** The executive director shall insure that accurate minutes of the meetings of the Board are kept. (4-2-03)
- 04. Records.** The executive director shall insure that complete records are kept of all applications for examination. The executive director shall keep a list of the names of persons issued licenses ~~or granted practice privileges~~ as certified public accountants, persons issued licenses to practice as licensed public accountants, registered firms, final formal disciplinary action, and such other records as deemed necessary by the Board or executive director. (~~4-2-03~~)(7-1-08)T

05. **Other Duties.** The executive director shall perform other administrative duties as assigned by the Board. (4-2-03)

020. GOOD MORAL CHARACTER

01. Demonstrating Good Moral Character. Applicants have the burden of demonstrating good moral character as defined by Section 54-206(11), Idaho Code, in the manner specified by the Board in its application forms. (7-1-08)T

02. Evidence. Prima facie evidence of a lack of good moral character includes, but is not limited to: (7-1-08)T

a. Any deferred prosecution agreement involving an admission of wrongdoing, or any criminal conviction, including conviction following a guilty plea or plea of nolo contendere, for any felony or any crime, an essential element of which is fraud, dishonesty, or deceit, or any other crime which evidences an unfitness of the applicant to provide professional services in a competent manner and consistent with the public safety; (7-1-08)T

b. Revocation of any license or other authority to practice by or before any state, federal, foreign or other licensing or regulatory authority; or (7-1-08)T

c. Any act which would be grounds for revocation or suspension of a license if committed by a licensee of the Board. (7-1-08)T

03. Rehabilitation. Factors which the Board may consider in determining rehabilitation of moral character include, but are not limited to, completion of criminal probation, restitution, community service, military or other public service, the passage of time without the commission of further crime or act demonstrating a lack of good moral character, the expungement of any conviction or reduction of a conviction from a felony to misdemeanor. (7-1-08)T

~~0201.~~ -- 099. (RESERVED).

(BREAK IN CONTINUITY OF SECTIONS)

101. APPLICATIONS -- AUTHORIZATION TO TEST AND NOTIFICATION TO SCHEDULE -- TIME AND PLACE -- CHANGE OF ADDRESS (RULE 101).

01. Applications. Applications to take the CPA Examination must be made on a form prescribed by the Board and filed with the Board office ~~by a due date specified by the Board in the application form~~. An application will not be considered filed until the fee as required in Rule 700 and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, and official transcripts sent directly from the college or university to the Board office as proof that the applicant has satisfied the education requirement. (3-16-04)(7-1-08)T

02. Authorization to Test and Notification to Schedule. The Board will forward notification of eligibility in the form of an Authorization to Test (ATT) to ~~the candidate and~~ NASBA's national candidate database. The ATT is issued for the test section(s) the candidate applied. Candidates shall pay the actual fees charged by the AICPA, the national candidate database, and the test delivery service provider directly to NASBA. Eligible candidates will receive a Notice to Schedule (NTS) for the CPA Examination from NASBA. The NTS is valid for six (6) months from the date issued. A candidate's ATT lasts as long as the NTS is valid, or until the candidate tests whichever occurs first. However, the ATT will expire ninety (90) days after it is issued if the candidate has not requested an NTS and paid the appropriate fees to NASBA. (3-16-04)(7-1-08)T

03. Time and Place of Examination. Eligible candidates who have received an NTS shall

independently contact a test delivery center operator identified by the Board to schedule the time and place for the examination at an approved test site. (3-16-04)

04. Change of Address. Candidates must file a change of address with the Board within thirty (30) days of the change. (4-2-03)

(BREAK IN CONTINUITY OF SECTIONS)

301. ANNUAL LICENSE RENEWAL AND LATE FEE (RULE 301).

01. Renewal. Licenses shall expire on June 30 of each year. ~~Practice privileges shall be granted through June 30 of each year provided the individual maintains an active license in good standing in his state of principle place of business.~~ To renew, an individual must submit a renewal form and appropriate fee by the prescribed date. The renewal form shall require the individual to provide a business address and phone number, residence address and phone number, business connection or employer, whether or not the individual's work is subject to peer review, affidavit of good moral character, and other information as deemed necessary by the Board. (4-2-03)(7-1-08)T

02. Non-Renewal. Individuals choosing not to renew their license ~~or practice privileges~~ shall notify the Board, on the renewal form by the expiration date, of their intention. Upon such notification, the license ~~or privileges~~ shall be deemed lapsed. Individuals with lapsed licenses ~~or practice privileges~~ shall not publicly display their wall certificates, use the title CPA or LPA, or provide services that are reserved to licensees. (4-2-03)(7-1-08)T

03. Late Fee. Licenses ~~and practice privileges~~ renewed after July 1, but before August 1, shall be subject to the late renewal fee as prescribed in Rule 703. After August 1, any license not renewed shall be deemed lapsed and is subject to reinstatement pursuant to Section 54-211, Idaho Code. (3-20-04)(7-1-08)T

302. NOTIFICATION OF CHANGE OF ADDRESS, FELONY CHARGES, OR ACTIONS TAKEN (RULE 302).

Within thirty (30) days after its occurrence, a licensee ~~or individual granted practice privileges~~ shall notify the Board, in writing, of: (4-2-03)(7-1-08)T

01. Address Change. A change in the licensee's business address, residence address, or business connection, employer, or principal place of business; (4-2-03)

02. Felony Charge. Any felony charges; or (4-2-03)

03. Actions Taken. The issuance, denial, disciplinary action, restriction, revocation, or suspension of a certificate, license, or permit by another state or by any federal agency. (3-20-04)

303. PRACTICE PRIVILEGES (RULE 303).

01. Substantially Equivalent. An individual who holds an active license in good standing in another state, whose principal place of business is not in this state, ~~seeking is automatically granted practice privileges in this state. There are no notice or fee requirements for practice privileges. Practice privilege holders are subject to the disciplinary authority of the Board, which they consent to by any act of practicing in this state, must certify, on a form prescribed by the Board, that either:~~ (4-2-03)(7-1-08)T

~~a. The individual's license is from a jurisdiction with education, examination, and experience requirements comparable to or exceeding such requirements in this state; or~~ (4-2-03)

~~b. The individual licensee's education, examination, and experience qualifications are comparable to or exceed such requirements of this state; or~~ (3-20-04)

~~*e.* The individual has no less than four (4) years' experience, provided the experience was obtained after original licensure as a certified public accountant and within the ten (10) years immediately preceding the practice privilege application. (3-20-04)~~

~~**02. Notice.** A qualified individual seeking practice privileges in this state must comply with the notice requirement as follows: (4-2-03)~~

~~*a.* Notice shall be on forms prescribed by this Board providing such information as deemed necessary by the Board; (4-2-03)~~

~~*b.* Notice is immediately due and shall be received by the Board within fifteen (15) days after the qualified individual knowingly avails himself of the laws of this state by either accepting an engagement or an assignment to render professional services to persons in this state, or offering to render professional services through direct solicitation or marketing targeted to persons in this state, whether or not the qualified individual physically enters this state; (4-2-03)~~

~~*c.* The qualified individual shall accept responsibility for compliance with the Idaho Accountancy Act and these rules; (4-2-03)~~

~~*d.* Notice shall include a statement from the qualified individual agreeing to notify the Board and submit a reciprocity license application if the individual moves his principal place of business to this state; and (4-2-03)~~

~~*e.* Notice must be accompanied by the fee prescribed in Rule 701. (4-2-03)~~

~~**03. Internet Disclosures.** An individual entering into an engagement to provide professional services via a web site, pursuant to Idaho practice privileges granted by Idaho, shall disclose, via their web site, their principal principal state of licensure, license number, and address. A firm offering or rendering professional services to Idaho businesses or residents via a web site shall provide, in the web site's homepage, a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions, or regulatory compliance. Such a firm or individual consents to the disciplinary authority of the Board by the act of providing services via a web site. (4-2-03)(7-1-08)T~~

~~**04. Exclusion.** Non-resident individuals shall not be deemed to have entered this state for purposes of Section 54-227, Idaho Code and notice is not required if the individual's contact with this state is limited to any of the following activities: (4-2-03)~~

~~*a.* Teaching either a college or continuing professional education course; (4-2-03)~~

~~*b.* Delivering a lecture; (4-2-03)~~

~~*c.* Moderating a panel discussion; (4-2-03)~~

~~*d.* Rendering professional services to the individual's employers or to persons employed by the individual's employer, including affiliated, parent, or subsidiary entities, provided such services are not rendered for the employer's clients; (4-2-03)~~

~~*e.* Performing peer reviews for a qualified administering organization; (4-2-03)~~

~~*f.* Providing professional services during no more than ten (10) days cumulatively in any calendar year by either accepting an engagement or an assignment to render Professional Services to persons in this state, or offering to render Professional Services through direct solicitation or marketing targeted to persons in this state, whether or not the qualified individual physically enters this state. (4-2-03)~~

(BREAK IN CONTINUITY OF SECTIONS)

402. CONFIDENTIAL CLIENT INFORMATION (RULE 402).

01. Confidentiality. A licensee shall not voluntarily disclose any confidential client information obtained in the course of performing professional services, unless the licensee has obtained the specific consent of the client, or of such client's heirs, successors or personal representatives, or others legally authorized to give such consent on behalf of the client. (4-2-03)

02. Exemptions. Nothing in these rules shall affect a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court. Nor shall it be construed as prohibiting the disclosure of information that is required to be disclosed: ~~(4-2-03)(7-1-08)T~~

- a. In reporting on the examination of financial statements; (4-2-03)
- b. In investigations by the Board or other accounting regulatory agency; ~~(4-2-03)(7-1-08)T~~
- c. In ethical investigations conducted in private professional organizations; (4-2-03)
- d. In the course of peer reviews; (4-2-03)
- e. To other persons active in the organization performing services for that client on a need to know basis; (4-2-03)
- f. To persons in the entity who need this information for the sole purpose of assuring quality control; or (4-2-03)
- g. By any act of law. (4-2-03)

03. Disciplinary Proceedings. Members of the Board and investigative officers shall not disclose any confidential client information which comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body as described in Rule 400. (4-2-03)

(BREAK IN CONTINUITY OF SECTIONS)

500. BASIC REQUIREMENTS (RULE 500).

A licensee seeking active license renewal shall show that he has completed no less than eighty (80) hours of CPE, of which at least four (4) hours must be ethics CPE, during the two (2) calendar years immediately preceding the date the reporting form is required, with a minimum of thirty (30) hours in any one (1) calendar year, and a maximum of fifty (50) hours recorded in any one (1) calendar year. The licensee shall demonstrate participation in a program of learning that meets the requirements prescribed in Rule 503. New, reciprocal, reinstated, or re-entered active licensees must complete the two (2) hour course on state-specific ethics for Idaho during the first calendar year that the license is issued. ~~(4-2-03)(7-1-08)T~~

501. WHO MUST COMPLY (RULE 501).

~~**01. Licensees.** Certified public accountants and licensed public accountants must comply with these continuing education requirements to maintain an active license. (4-2-03)(7-1-08)T~~

~~**02. Practice Privileges.** *Individuals granted practice privileges, who are applying for renewal of those privileges in this state, shall be determined to have met the CPE requirements of Subchapter F by meeting the CPE requirements in the state of the individual's principal place of business.* (4-2-03)~~

~~a. Individuals filing for renewal of practice privileges shall sign a statement, on a form provided by the Board, of their compliance with the CPE requirements in the state of the individual's principal place of business. (4-2-03)~~

~~b. If the state of said individual's principal place of business has no CPE requirements, the individual must comply with all CPE requirements of this state. (4-2-03)~~

502. EXCEPTIONS, EXTENSIONS, AND EXEMPTIONS (RULE 502).

01. Exceptions and Extensions. The Board may make exceptions to the CPE requirements or grant extensions of time for completion of the CPE requirements, where reasons of health as certified by a medical doctor prevent compliance by the licensee, or other good cause exists. (4-2-03)

a. Licensees asking for exceptions or extensions under these conditions must apply annually on the reporting form for the year in which the extension or exemption is sought, and within the time period set for CPE reporting, stating the reasons for asking for such exception or extension. Any licensee failing to file a timely application shall be subject to the late fee prescribed in Rule 703, in addition to any additional proceeding that may be instituted for violation of these rules. (4-2-03)

b. A penalty of no more than fifty percent (50%) of the hours a licensee is short in meeting the calendar year CPE requirement may be assessed for extensions. In such cases, the licensee shall be required to complete the CPE hours and any assessed penalty no later than May 31. The penalty for non-compliance with ethics CPE is to obtain the mandatory hours of ethics CPE plus fifty (50) percent penalty hours in ethics CPE prior to May 31. The penalty for non-compliance with state-specific ethics for Idaho is to complete the course plus fifty (50) percent penalty hours in ethics CPE prior to May 31. (4-2-03)(7-1-08)T

02. Exemptions for Inactive or Retired. Licensees who elect inactive or retired status shall be exempt from any CPE requirements provided that: (3-20-04)

a. The licensees do not perform or offer to perform for the public services involving: (4-2-03)

i. The use of accounting or auditing skills including the issuance of reports on financial statements, or of management advisory, financial advisory or consulting services; or (4-2-03)

ii. The preparation of tax returns, or the furnishing of advice on tax matters as a licensee. (4-2-03)

b. Licensees granted such exemption must place the word "inactive" adjacent to their CPA or LPA title on any business card, letterhead or any other document or device. The Board shall issue a wall certificate for public display that indicates the license is inactive; (4-2-03)

c. Those individuals who are inactive and have reached sixty (60) years of age may substitute the word "retired" for the word "inactive"; (4-2-03)

d. Licensees granted the exemption as either "inactive" or "retired" shall annually pay the license renewal fee as prescribed in Rule 701; and (4-2-03)

e. Licensees granted the exemption must comply with a return to active status competency requirement as set out in Rule 510 before they may discontinue use of the word "inactive" or "retired" in association with their CPA or LPA title. (4-2-03)

(BREAK IN CONTINUITY OF SECTIONS)

506. REPORTING, CONTROLS AND LATE FEES (RULE 506).

01. Reporting. No later than January 31 of each year, individuals renewing their licenses must provide a signed reporting form either: (4-2-03)

a. Applying for exception, extension, or exemption under Rule 502; or (4-2-03)

b. Disclosing the following information pertaining to the educational programs submitted for qualification under this rule: (4-2-03)

i. Sponsoring organization; (4-2-03)

~~ii. Instructor's name;~~ (~~4-2-03~~)

~~iii.ii.~~ Location of program; (4-2-03)

~~iv.iii.~~ Title of program or description of content; (4-2-03)

~~v.iv.~~ Dates attended; (4-2-03)

~~vi.v.~~ Hours of credit claimed; and (4-2-03)

~~vii.vi.~~ Any other information as may be called for to verify they have met the requirements for participation in a program of CPE as set forth the Rule 503. (~~4-2-03~~)

02. Controls. The Board shall review the signed reporting forms submitted by licensees, which are subject to formal verification. If a licensee submits a reporting form and it is not approved, the licensee shall be notified and administrative action shall be taken pursuant to Rules 507 through 509. (4-2-03)

03. Late Fees. Until the licensee files the reporting form with supporting documentation, pays the fee for late filing as prescribed in Rule 703 and the license renewal fee, and any other penalty the Board may impose, a license will not be issued. (4-2-03)

(BREAK IN CONTINUITY OF SECTIONS)

510. NEW LICENSEES, RECIPROcity, REINSTATEMENT AND RE-ENTRY (RULE 510).

01. New Licensees. A new licensee will be required to comply with the CPE requirement beginning January 1st of the calendar year following the year in which the license was granted. The new licensee shall file the annual CPE reporting form, indicating that the licensee has completed the two (2) hour course on state-specific ethics for Idaho and is otherwise exempt from obtaining CPE hours during the first year of licensure. The licensee shall be required to complete a minimum of thirty (30) hours during the second calendar year of licensure. (~~4-2-03~~)(7-1-08)T

02. Reciprocity. An individual who holds a valid and unrevoked certified public accountant license issued by any state, or comparable certificate or degree issued by any foreign country, and who receives a license to practice in this state, will be required to comply with the CPE requirement beginning January 1st of the calendar year following issuance of the license. The new licensee shall file the annual CPE reporting form, indicating the licensee has completed a two (2) hour course on Idaho's statutes and rules and is otherwise exempt from obtaining CPE hours during the first year of licensure. The licensee shall be required to complete a minimum of thirty (30) hours during the second calendar year of licensure. (~~4-2-03~~)(7-1-08)T

03. Reinstatement. An individual whose license has lapsed under Rule 301 shall complete no less than eighty (80) hours of CPE, of which at least four (4) hours must be in ethics CPE, during the twelve (12) months immediately prior to applying for reinstatement of an active license. The state-specific ethics for Idaho may constitute two (2) of the four (4) hours of ethics CPE. The applicant shall be required to identify and complete a program of learning designed to demonstrate the currency of the applicant's competencies directly related to his area

of service. The licensee shall file the annual CPE reporting form, indicating the licensee has completed the two (2) hour course on state-specific ethics for Idaho and is otherwise exempt from obtaining CPE hours during the first year of licensure. An individual whose license lapsed under Rule 301 applying for reinstatement of an inactive or retired license is not required to meet a CPE requirement. The applicant shall pay the license reinstatement fee prescribed in Rule 701 and shall have met the reinstatement requirements of Section 54-211, Idaho Code. ~~(3-20-04)(7-1-08)T~~

04. Re-Entry from Inactive or Retired Status. A licensee, granted an exemption from the CPE requirement under Rule 502, may discontinue use of the word “inactive” or “retired” in association with the CPA or LPA title upon showing that the licensee has completed no less than eighty (80) hours of CPE, of which at least four (4) hours must be in ethics CPE, during the twelve (12) months immediately prior to applying for return to active status. The state-specific ethics for Idaho may constitute two (2) of the four (4) hours of ethics CPE. The licensee shall be required to identify and complete a program of learning designed to demonstrate the currency of the licensee’s competencies directly related to the licensee’s area of service. The licensee shall file the annual CPE reporting form, indicating the licensee has completed the two (2) hour course on state-specific ethics for Idaho and is otherwise exempt from obtaining CPE hours during the first year of licensure. The licensee shall pay the annual license renewal fee prescribed in Rule 701. If a licensee applies for re-entry during a license period and has already paid the fee for an inactive or retired license, the licensee is required to pay the difference between the cost of an inactive or retired license and the annual license renewal fee. (4-2-03)(7-1-08)T

(BREAK IN CONTINUITY OF SECTIONS)

600. PURPOSE OF FIRM REGISTRATION AND PEER REVIEW (RULE 600).

The purpose of the program is to monitor compliance with applicable accounting and auditing standards adopted by generally recognized standard setting bodies. The program shall emphasize appropriate education programs or remedial procedures which may be recommended or required where the firm does not comply with appropriate professional standards. In the event a firm is unwilling or unable to comply with professional standards, or a firm’s failure to comply with professional standards is so egregious as to warrant continuing action, the Board shall take appropriate action to protect the public interest as authorized by Section 54-219, Idaho Code. ~~The information discovered solely as a result of a firm’s peer review shall not be grounds for suspension or revocation of a license.~~ (4-2-03)(7-1-08)T

(BREAK IN CONTINUITY OF SECTIONS)

602. PEER REVIEW PROGRAM PARTICIPATION (RULE 602).

01. Participation. Any firm that issues reports on accounting and auditing engagements, including audits, reviews, compilations, and prospective financial information shall participate. A licensee who issues compilation reports through any form of business other than a firm shall participate in the peer review program. Such licensees must meet the requirements for registration and peer review as set forth in Subchapter G. (4-2-03)

02. Practice Privileges. Individuals ~~applying for with~~ practice privileges in Idaho shall comply with the peer review requirements in the state of their principal place of business. ~~The licensee must comply with the peer review requirements of this state, if the state of the licensee’s principal place of business has no peer review requirement.~~ (4-2-03)(7-1-08)T

(BREAK IN CONTINUITY OF SECTIONS)

607. ADMINISTERING ORGANIZATIONS (RULE 607).

This section shall not require any licensee of a firm to become a member of any administering organization. Qualified

administering organizations which register with, and are approved by the Board based on their adherence to the AICPA Peer Review minimum standards, shall include the: (4-2-03)

~~01. **Monitoring Organizations.** AICPA practice monitoring organizations such as the Center for Public Company Audit Firms (CPCAF). (4-6-05)~~

021. Peer Review Program. Peer review program of the American Institute of Certified Public Accountants (AICPA). (4-2-03)

032. State CPA Societies. State CPA societies fully involved in the administration of the AICPA Peer Review Program and their successor organizations which meet the minimum standards.(4-2-03)

(BREAK IN CONTINUITY OF SECTIONS)

611. OVERSIGHT COMMITTEE ~~DUTIES FOR NON-CPCAF~~ PROCEDURES FOR MONITORING ADMINISTERING ORGANIZATIONS (RULE 611).

The oversight procedures to be performed by the committee in monitoring ~~non-CPCAF~~ administering organizations may consist of the following: (4-6-05)(7-1-08)T

01. Visit the Administering Organization Annually. During such visit, Oversight Committee may: (4-2-03)

a. Meet with the organization's peer review committee during the committee's consideration of peer review documents. (4-2-03)

b. Review the organization's procedures for administering the peer review program. (4-2-03)

c. Review, on the basis of a random selection, a number of reviews performed by the administering organization. The review shall include, at a minimum, a review of the report on the peer review, the letter of comments (if any), the firm's response to the matters discussed in the letter of comments, the administering organization's acceptance letter outlining any additional corrective or monitoring procedures, and the working papers on the selected reviews. The purpose of review by Oversight Committee is to determine whether the reviews are being conducted and reported on in accordance with the peer review minimum standards. (4-2-03)

d. Expand the review of peer review documents if significant deficiencies, problems, or inconsistencies are encountered during the review of the materials. (4-2-03)

02. Oversight Report Review. Alternatively, for those organizations participating in the AICPA oversight program in connection with involved state societies, Oversight Committee may obtain and review the oversight program report to insure that the reviews are being conducted and reported on in accordance with the peer review minimum standards. (4-2-03)

03. Annual Recommendation. On the basis of the result of the foregoing procedures, Oversight Committee shall make an annual recommendation to the Board as to the continuing qualifications of the approved administering organizations. (4-2-03)

612. ~~OVERSIGHT COMMITTEE PROCEDURES FOR THE CPCAF (RULE 612) (RESERVED).~~

~~Where the administering organization is the CPCAF, the Oversight Committee shall review the published annual report of the monitoring organization. The Oversight Committee shall conclude whether the procedures carried out by the monitoring organization and the disclosures contained in the annual report are indicative of an acceptable level of oversight. Based on the results of its review, Oversight Committee shall make an annual recommendation to the Board as to the continuing qualifications of CPCAF as an approved administering organization. (4-6-05)~~

(BREAK IN CONTINUITY OF SECTIONS)

701. LICENSURE ~~AND PRACTICE PRIVILEGES~~ FEES (RULE 701).

- 01. Annual License Renewal.** The annual license renewal fee is one hundred twenty dollars (\$120). (4-2-03)
- 02. Initial License.** The initial license fee is one hundred twenty dollars (\$120). (4-2-03)
- 03. Reciprocity.** The application fee for licensure by reciprocity is one hundred seventy-five dollars (\$175), in addition to the initial license fee. (4-2-03)
- 04. Transfer-of-Grades.** The application fee for licensure by transfer-of-grades is one hundred seventy-five dollars (\$175), in addition to the initial license fee. (4-2-03)
- 05. Wall Certificate.** The original or replacement wall certificate fee is twenty dollars (\$20). (4-2-03)
- 06. International Reciprocity.** The application fee for licensure by international reciprocity is one hundred seventy-five dollars (\$175), in addition to the initial license fee. (4-2-03)
- ~~**07. Practice Privileges.** The fee for practice privileges under Section 54-227, Idaho Code is fifty dollars (\$50) each licensure year. (4-2-03)~~
- 08. Reinstatement Fee.** The fee for reinstatement of a license shall be the sum of the license fees not paid for the preceding three license renewal cycles. (4-2-03)
- ~~**09. Inactive or Retired.** The fee for annual license renewal of an inactive or retired license is one hundred dollars (\$100). (4-2-03)~~

(BREAK IN CONTINUITY OF SECTIONS)

703. LATE FEES AND FINES (RULE 703).

- 01. Late License ~~and Practice Privileges~~ Renewal Fee.** The fee for late license renewal ~~or practice privileges renewal~~ is one hundred dollars (\$100). ~~(4-2-03)~~(7-1-08)T
- 02. Non-Compliance With CPE Filing Deadline.** The fine for non-compliance with CPE filing deadline is one hundred dollars (\$100) for filing anytime during the month of February, one hundred and fifty dollars (\$150) for filing anytime during the month of March, two hundred dollars (\$200) for filing anytime during the month of April, two hundred and fifty dollars (\$250) for filing anytime during the month of May, and three hundred dollars (\$300) for filing anytime during the month of June. (3-30-07)
- 03. Non-Compliance with Firm Registration and Peer Review.** The fine shall be one hundred dollars (\$100) per licensee for each act of non-compliance defined in Rule 617. (4-2-03)