

Dear Senators ANDREASON, McKague, Stennett, and  
Representatives BLACK, Henderson, Smith:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of  
the Board of Accountancy:

IDAPA 01.01.01 - Rules Pertaining To The Idaho Accountancy Rules (Docket No. 01-0101-1201).

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 10/23/2012. 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 11/21/2012.

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 334-4845, or send a written request to the address on the  
memorandum attached below.



Jeff Youtz  
Director

# Legislative Services Office Idaho State Legislature

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*Serving Idaho's Citizen Legislature*

## MEMORANDUM

**TO:** Rules Review Subcommittee of the Senate Commerce & Human Resources Committee and the House Business Committee  
**FROM:** Principal Legislative Research Analyst - Eric Milstead  
**DATE:** October 3, 2012  
**SUBJECT:** Board of Accountancy

IDAPA 01.01.01 - Rules Pertaining To The Idaho Accountancy Rules (Docket No. 01-0101-1201)

The State Board of Accountancy has submitted proposed rulemaking at IDAPA 01.01.01 - Rules Pertaining To The Idaho Accountancy Rules. The proposed rule makes essentially two changes to the current rule: (1) It provides a revision to Section 004.02 to update an incorporation for Statements on Standards for Continuing Professional Education. The agency notes that the new "Statements on Standards" were approved by both the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) in 2012; and (2) It amends Section 300.03 to require that applicants for an initial license successfully complete an ethics course.

The agency states that negotiated rulemaking was not conducted because the changes are simple in nature and were discussed with licensing candidates as well as the Idaho Society of Certified Public Accountants without objection.

The proposed rule appears to be authorized pursuant to Section 54-204, Idaho Code.

cc: Board of Accountancy  
Kent A. Absec, Executive Director

## **IDAPA 01 - BOARD OF ACCOUNTANCY**

### **01.01.01 - IDAHO ACCOUNTANCY RULES**

**DOCKET NO. 01-0101-1201**

### **NOTICE OF RULEMAKING - PROPOSED RULE**

**AUTHORITY:** In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. 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 October 17, 2012.

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 a nontechnical explanation of the substance and purpose of the proposed rulemaking:

Amend Rule 004.02 to update the incorporation by reference from 2002 to 2012 for the "Statements on Standards for Continuing Professional Education." The new "Statements on Standards for Continuing Professional Education" was jointly approved by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) in 2012.

Amend Rule 300.03 to include that candidates applying for an initial license shall successfully complete the Idaho State Specific 2-hour Ethics course in addition to a course in professional ethics at any time prior to a license being issued.

**FEE SUMMARY:** The following is a specific description of the fee or charge imposed or increased: 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 resulting from this rulemaking: N/A

**NEGOTIATED RULEMAKING:** Pursuant to Section 67-5220(2), Idaho Code, negotiated rulemaking was not conducted because the changes are simple in nature and were discussed with the Idaho Society of Certified Public Accountants and licensing candidates without objections.

**INCORPORATION BY REFERENCE:** Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule:

Rule 004.02 is incorporated by reference under Rule 004. These materials are being incorporated by reference so that licensees, Continuing Professional Education program developers and program sponsors are aware of the standards that they will be held to in the area of Continuing Professional Education. With these standards jointly approved by the AICPA and NASBA, our licensees and the general public can benefit from knowing that strict guidelines have been established around what constitutes a quality learning experience.

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact the undersigned.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 24, 2012.

DATED this 28th, Day of August, 2012.

Kent A. Absec, Executive Director  
Idaho State Board of Accountancy  
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Boise, Idaho 83720-0002  
Phone: 208-334-2490  
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**THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 01-0101-1201**

**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.** The AICPA Professional Standards as applicable under the circumstances and at the time of the services, except as superceded by Section 54-206(8), Idaho Code. (3-29-10)

**02. CPE Standards.** ~~2002~~ 2012 Statements on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA. ~~(4-2-03)~~(    )

**03. PCAOB Standards.** The Standards issued by the Public Company Accountability Oversight Board, as applicable under the circumstances and at the time of the services. (3-29-10)

**04. NASBA Model Code of Conduct.** 2008 Model Code of Conduct issued by the National Association of State Boards of Accountancy. (5-8-09)

**(BREAK IN CONTINUITY OF SECTIONS)**

**300. REQUIREMENTS FOR INITIAL CERTIFIED PUBLIC ACCOUNTANT LICENSURE (RULE 300).**

Applications for initial licensure shall be made on a form provided by the Board. Applicants for licensure as certified public accountants must comply with the applicable sections of the Idaho Accountancy Act and the following requirements: (4-2-03)

**01. Education.** (4-2-03)

**a. Semester Hours.** An applicant for licensure must have at least one hundred fifty (150) semester hours (or two hundred twenty-five (225) quarter hours) of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the Board. An applicant for licensure who was accepted for the May 2000 CPA Examination or prior examination does not have to fulfill additional educational requirements beyond those required at the time of acceptance to sit for the CPA Examination. (4-2-03)

**b. Accreditation.** The Board shall recognize: (4-2-03)

**i.** Any college or university accredited by the Northwest Commission on Colleges or Universities or any other regional accrediting association having the equivalent standards; (3-30-07)

**ii.** Any independent senior college in Idaho certified by the State Department of Education for teacher training; and (4-2-03)

**iii.** Accounting and business programs accredited by the American Assembly of Collegiate Schools of Business (AACSB) or any other accrediting agency having equivalent standards. (4-2-03)

**c. Education Requirement.** An applicant shall be deemed to have met the education requirement if, as part of the one hundred fifty (150) semester hours of education, the applicant has met any one (1) of the following four (4) conditions: (4-2-03)

**i.** Earned a graduate degree with a concentration in accounting from a program that is accredited in accounting by an accrediting agency approved by the Board; (4-2-03)

ii. Earned a graduate degree from a program that is accredited in business by an accrediting agency approved by the Board and completed at least twenty-four (24) semester hours in accounting at the undergraduate or fifteen (15) semester hours at the graduate level, or an equivalent combination thereof, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting; (4-2-03)

iii. Earned a baccalaureate degree from a program that is accredited in business by an accrediting agency approved by the Board and completed twenty-four (24) semester hours in accounting at the undergraduate or graduate level including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting; and completed at least twenty-four (24) semester hours in business courses (other than accounting courses) at the undergraduate or graduate level; or (4-2-03)

iv. Earned a baccalaureate or higher degree and completed at least twenty-four (24) semester hours in accounting at the upper division or graduate level at an institution approved by the Board and including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting; and completed at least twenty-four (24) semester hours in business courses (other than accounting courses) at the undergraduate or graduate level. (4-2-03)

**02. Experience.** As prescribed in Subchapter C. (4-2-03)

**03. ~~Examination on~~ Code of Professional Conduct and State Specific Ethics.** An applicant for initial licensure shall successfully complete ~~a~~ courses in professional ethics, that ~~is~~ are acceptable to the Board, including a course in State Specific Ethics for Idaho, at any time before a license will be issued. (~~4-2-03~~)(    )

**04. Initial License Application Fee.** As prescribed in Rule 701. (4-2-03)