

Dear Senators PATRICK, Guthrie, Ward-Engelking, and  
Representatives BARBIERI, Clow, Smith:

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

IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed rule (Docket No. 01-0101-1701);  
IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed Rule (Docket No. 01-0101-1702);  
IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed Rules (Docket No. 01-0101-1703);  
IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed Rule (Docket No. 01-0101-1704).

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 09/25/2017. 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 10/23/2017.

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 334-4834, or send a written request to the address on the  
memorandum attached below.



Eric Milstead  
Director

# Legislative Services Office

## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

### MEMORANDUM

**TO:** Rules Review Subcommittee of the Senate Commerce & Human Resources Committee and the House Business Committee

**FROM:** Division Manager - Mike Nugent

**DATE:** September 07, 2017

**SUBJECT:** Board of Accountancy

IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed rule (Docket No. 01-0101-1701)

IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed Rule (Docket No. 01-0101-1702)

IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed Rules (Docket No. 01-0101-1703)

IDAPA 01.01.01 - Idaho Accountancy Rules - Proposed Rule (Docket No. 01-0101-1704)

The Idaho Board of Accountancy is proposing to promulgate four sets of proposed rules relating to the practice of accountancy in Idaho. Two sets of proposed rules relate to continuing education requirements with one of the set incorporating by reference and making a date change and two sets implement the provisions of House Bill No. 138 of 2017. HB 138 was jointly sponsored by the Idaho Association of Certified Public Accountants and the Board of Accountancy. HB 138 updated the Idaho Accountancy Act to conform to current professional standards (AICPA standards) and professional service offerings now provided by CPA's. The Statement of Purpose for HB 138 provided that accountants' work has changed from "merely" working on financial statements to performing a different array of professional attest services that include internal control reviews for information systems, performing internal control work for publicly traded companies, and performing specific work for third parties such as banks and governmental entities. HB 138 also amended Section 54-219, Idaho Code, to include forms of judgment or withheld judgment regarding crimes of moral turpitude regarding discipline procedures.

We do not have any technical problems with any of the four sets of proposed rules. It appears to us that these proposed rules are relatively non-controversial and could have been promulgated under one docket instead of four.

cc: Board of Accountancy  
Kent A. Absec

Mike Nugent, Manager  
Research & Legislation

Paul Headlee, Manager  
Budget & Policy Analysis

April Renfro, Manager  
Legislative Audits

Glenn Harris, Manager  
Information Technology

## **IDAPA 01 – BOARD OF ACCOUNTANCY**

### **01.01.01 – IDAHO ACCOUNTANCY RULES**

**DOCKET NO. 01-0101-1701**

### **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 September 20, 2017.

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 appropriately date the Statement on Standards for Continuing Professional Education (CPE) that are incorporated by reference. The year notated will be changed from 2012 to 2016.

**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 the Statement on Standards are a joint effort from the National Association of State Boards (NASBA) and the American Institute of Certified Public Accountants (AICPA).

**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:

The Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs for the accounting profession. The Standards provide specific information to both program sponsors to help ensure they are providing a rewarding educational experience and to licensees to aid them in choosing a personal and professional educational development plan suited to their development. A solid and consistent set of CPE standards will allow licensees who are licensed in multiple states to be better equipped to adhere to multiple jurisdiction requirements and give the citizens of Idaho the assurance that licensed professionals must adhere to standards as it relates to a licensee's professional development through continuous education.

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Kent A. Absec, Executive Director, 208-334-2490. 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 September 27, 2017.

DATED this 1st day of August, 2017.

Kent A. Absec, Executive Director  
Idaho State Board of Accountancy  
3101 W. Main Street, Suite 201  
P.O. Box 83720  
Boise, Idaho 83720-0002  
Phone: (208) 334-2490  
Fax: (208) 334-2615  
E-mail: [kent.absec@isba.idaho.gov](mailto:kent.absec@isba.idaho.gov)

**THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 01-0101-1701**  
**(Only Those Sections With Amendments Are Shown.)**

**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 superseded by Section 54-206(8), Idaho Code. (3-29-10)

**02. CPE Standards.** 201~~2~~<sup>6</sup> Statements on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA. (~~4-4-13~~) ( )

**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)

## ***SYNOPSIS FOR INCORPORATION BY REFERENCE***

### **INCORPORATION BY REFERENCE SYNOPSIS**

In compliance with Section 67-5223(4), Idaho Code, the following is a synopsis of the differences between the materials previously incorporated by reference in this rule that are currently of full force and effect and newly revised or amended versions of these same materials that are being proposed for incorporation by reference under this rulemaking.

The following agency of the state of Idaho has prepared this synopsis as part of the proposed rulemaking for the chapter cited here under the docket number specified:

***IDAHO STATE BOARD OF ACCOUNTANCY  
IDAPA 01.01.01 – Idaho Accountancy Rules  
Proposed Rulemaking - Docket No. 01-0101-1701***

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs.

Primary changes from the 2012 to 2016 Standards include:

- Added two new learning methods which are acceptable forms of delivery: blended learning and nano-learning. Blended learning combines different types of instructional methods in a learning objective such as combining a self-study with a group program. Nano-learning is learning done in 10 minute increments and the licensee is award CPE increments based off a 50-minute hour model. The revised Standards have the definition of nano-learning and how it differs from self-study and what is considered nano-learning.
- Revisions were also made allowing CPE increments to be earned in one-fifth, one-half or whole credits for all instructional delivery methods with the exception of nano-learning. For group programs, independent study and blended learning, a minimum of one full credit must be awarded initially before partial CPE credits can be awarded. For self-study, a minimum of one-half credit must be awarded initially and then, after the first full credit is earned, partial CPE credit may be awarded. Nano-learning may be awarded only as one-fifth credit.
- Revision also provides the sponsor of the learning the discretion to round down CPE credits to the nearest one-fifth, one-half credit as appropriate for the instructional delivery method.
- These revisions provide flexibility and consistency and do not cause CPE sponsors to rework program materials or require existing programs to be remeasured for CPE credit.
- Provides clarification for group live and group internet based programs pertaining to how the participant consumes the learning.

- Clarified that documentation of the element of engagement in a group live program could include other documentation besides the program outline, agenda or speaker notes included as examples.

## **IDAPA 01 – BOARD OF ACCOUNTANCY**

### **01.01.01 – IDAHO ACCOUNTANCY RULES**

**DOCKET NO. 01-0101-1702**

### **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 September 20, 2017.

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 020.02.b. and 020.03 to bring it in conformity with a recent statute change of Section 54-219(f), Idaho Code. The amended rule will clarify the fact the Board is now permitted to consider a licensee's conviction of or a guilty plea to any crime involving moral turpitude, an element of which is dishonesty or fraud, even where the licensee or proposed licensee has obtained a withheld judgment or other order or decree of expungement. The amended rule also clarifies the factors of rehabilitation the Board may consider in evaluating a current licensee or candidate for licensure.

**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 change is being made to bring the rule into compliance with a statute change made during the 2017 Idaho Legislative session.

**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: N/A

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Kent A. Absec, Executive Director, (208) 334-2490. 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 September 27, 2017.

DATED this 1st day of August, 2017

Kent A. Absec, Executive Director  
Idaho State Board of Accountancy  
3101 W. Main Street, Suite 201  
P.O. Box 83720  
Boise, Idaho 83720-0002  
Phone: (208) 334-2490  
Fax: (208) 334-2615  
E-mail: [kent.absec@isba.idaho.gov](mailto:kent.absec@isba.idaho.gov)

**THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 01-0101-1702**  
**(Only Those Sections With Amendments Are Shown.)**

**020. GOOD MORAL CHARACTER (RULE 020).**

**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. (5-8-09)

**02. Evidence.** Prima facie evidence of a lack of good moral character includes, but is not limited to: (5-8-09)

**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; (5-8-09)

**b.** Revocation, suspension or the lapsing in lieu of discipline of any license or other authority to practice by or before any state, federal, foreign or other licensing or regulatory authority; or ~~(5-8-09)~~( )

**c.** Any act which would be grounds for revocation or suspension of a license if committed by a licensee of the Board. (5-8-09)

**03. Rehabilitation.** ~~Factors which~~ The applicant may offer, and the Board may consider the following factors in determining ~~rehabilitation of~~ whether the applicant's moral character has been rehabilitated as of the date the applicant is seeking licensure. These factors include, but are not limited to:

**a.** The applicant's completion of criminal probation, restitution, community service, military or other public service; ~~and~~ ( )

**b.** ~~The~~ The passage of time without the applicant's commission of further crime or act demonstrating a lack of good moral character; ~~and~~ and ( )

**c.** ~~The~~ The entry of an order by any state of federal court expungement ~~of~~ of any conviction, ~~or reduction~~ reducing of a conviction from a felony to misdemeanor; ~~or commuting, suspending, or withholding any judgment as provided by law.~~ or commuting, suspending, or withholding any judgment as provided by law. ~~(5-8-09)~~( )



## **IDAPA 01 – BOARD OF ACCOUNTANCY**

### **01.01.01 – IDAHO ACCOUNTANCY RULES**

**DOCKET NO. 01-0101-1703**

### **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 September 20, 2017.

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 506.01.b. to provide clarity to licensees relating to information needed on documentation to support credit hours they are reporting for their Continuous Professional Education (CPE). This amendment to the rule will also reflect the language and requirements within standards set by the National Association of State Boards (NASBA) and the American Institute of Certified Public Accountants (AICPA) used by most state boards in the regulation of CPE. This will provide consistency for an Idaho licensee who may be licensed in multiple states.

**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 change is simple in nature and is a reflection of the standards set by NASBA and the AICPA for the profession.

**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: N/A

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Kent A. Absec, Executive Director, (208) 334-2490. 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 September 27, 2017.

DATED this 1st day of August, 2017.

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Boise, Idaho 83720-0002  
Phone: (208) 334-2490  
Fax: (208) 334-2615  
E-mail: [kent.absec@isba.idaho.gov](mailto:kent.absec@isba.idaho.gov)

**THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 01-0101-1703**  
**(Only Those Sections With Amendments Are Shown.)**

**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 and contact information; (4-2-03)( )

ii. Participant's name, and location of program, if applicable; (4-2-03)( )

iii. Course Title of program or description of content and field of study; (4-2-03)( )

iv. Dates attended completed; (4-2-03)( )

v. Hours of credit claimed; and Amount of CPE credit recommended; (4-2-03)( )

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 in Rule 503 Type of instructional and delivery method used; (4-2-03)( )

vii. Verification of CPE program sponsor representative; and ( )

viii. 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 in Rule 503. ( )

**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)

# **IDAPA 01 – BOARD OF ACCOUNTANCY**

## **01.01.01 – IDAHO ACCOUNTANCY RULES**

**DOCKET NO. 01-0101-1704**

### **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 September 20, 2017.

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 602.01, Peer Review Program Participation, to bring it in conformity with a recent statute change of Idaho Code 54-206(3), the definition of Attest. The amended rule will provide consistency between the Accountancy Act and Rules. The rule will now clearly define for a licensee which services are considered as peer reviewable and therefore require a firm who performs these services to participate in a peer review program.

**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 change is being made to bring the rule into compliance with a statute change made during the 2017 Idaho Legislative session.

**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: N/A

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the proposed rule, contact Kent A. Absec, Executive Director, (208) 334-2490. 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 September 27, 2017.

DATED this 1st day of August, 2017.

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Idaho State Board of Accountancy  
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Fax: (208) 334-2615  
E-mail: [kent.absec@isba.idaho.gov](mailto:kent.absec@isba.idaho.gov)

THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 01-0101-1704  
(Only Those Sections With Amendments Are Shown.)

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, engagements performed in accordance with the PCAOB, and any examination, review or agreed-upon procedures engagement performed in accordance with the statement on standards for attestation engagements 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 with practice privileges in Idaho shall comply with the peer review requirements in the state of their principal place of business. (5-8-09)