



SUMMARY OF RULEMAKING FOR ARIZONA CPAs; CPA FIRMS; AND APPLICANTS FOR UNIFORM CPA EXAM, CERTIFICATION AND FIRM REGISTRATION

Arizona State Board of Accountancy

Effective April 5, 2020, the Arizona State Board of Accountancy (Board) will have new rules that affect CPAs; CPA firms; and applicants for Uniform CPA Exam, certification, and firm registration. A copy of this rulemaking can be found on the Board's website under News and Updates, but the following summarizes the most substantive provisions of the rulemaking by stakeholder group.

CPAs

Temporary Biennial Registration Fee Reduction – A.A.C. R4-1-345(C)(2)

Reduces from \$300 to \$275, for an approximate collective savings of \$260,000, the biennial registration renewal fee for CPA biennial registrations due during the period from July 1, 2020 to June 30, 2022.

Please note that the temporary registration fee reduction applies ONLY to biennial and not initial registrations and is **temporary**. For biennial registrations due beginning July 1, 2022, the biennial registration fee will revert to \$300 unless another rulemaking is promulgated to extend the temporary fee reduction for another biennium.

Notice of Change of Address - A.A.C. R4-1-346

Eliminate the requirement for a registrant to notify the Board within 30 days of the opening of any new or additional office, or the closing of any existing office.

CPA Firms

Peer Review – A.A.C. R4-1-454

Ensures a single peer review administration process by eliminating conflicts and confusion between the rules and the Peer Review Standards. For example, peer review extensions will be handled exclusively by the sponsoring organization, CalCPA, and firms will no longer be required to send a separate extension request to the Board for action. The Board will use the Peer Review Standards when determining a firm's compliance or non-compliance with peer review requirements. For example, the due date for a peer review is the date by which the peer review report, and if applicable, letter of response, and the peer reviewer's materials are to be submitted to the administering entity. More information can be found on the [Board's webpage for peer reviews](#).

Notice of Change of Address - A.A.C. R4-1-346

Eliminates the requirement for a registrant to notify the Board within 30 days of the opening of any new or additional office, or the closing of any existing office.

Uniform CPA Exam Applicants

Exam Denial and Applicant Appeal Rights - A.A.C. R4-1-226.01 and A.A.C. R4-1-228

Conform the rule with existing business processes which currently provide an applicant notice of their right to an appeal of the Board's decision, makes clarifying changes, and removes an unnecessary procedural provision.

Uniform CPA Exam Testing - A.A.C. R4-1-229

Repeals language that states an applicant shall not retake a failed section in the same examination window to allow for "continuous testing" of the Exam, once implemented by the AICPA/NASBA, which will allow applicants to retake a test section of the Exam once their grade for any previous attempt of the same test section during that window has been released.

Certification Applicants

Certification by Exam/Grade Transfer - A.A.C. R4-1-341(A)(2)

Allows individuals who have accounting education and experience similar to that of a CPA to sign letters of recommendation for applicants for certification by exam/grade transfer, which will provide flexibility to applicants who do not know a CPA that can submit a letter of recommendation.

Certification by Substantial Equivalency - A.A.C. R4-1-341(A)(3)

Eliminates the requirement for a certification applicant applying by substantial equivalency to provide verification that they have passed the Exam, as a license verification would provide sufficient evidence that the applicant has passed the Exam. All jurisdictions require that the Uniform CPA Exam be passed as a certification requirement.

Certification Timeframes – A.A.C. R4-1-341(C)(1)

Clarifies administrative completeness review, substantive review, and overall licensing timeframes as well as reduces overall certification timeframes.

Denial of Reinstatement Appeal Rights – A.A.C. R4-1-344

Clarifies that an applicant whose application for reinstatement is denied may appeal the denial.

Firm Registration Applicants

Firm Registration and Reinstatement Process – A.A.C. R4-1-341(B) and (C)(2)

Enumerates what evidence is required during the application for a new or reinstated firm registration and includes administrative completeness review, substantive review, and overall licensing timeframes.

Denial of Firm Registration or Reinstatement Appeal Rights – A.A.C. R4-1-344

Clarifies that an applicant whose application for firm registration or firm reinstatement is denied may appeal the denial.

Technical and Conforming Changes

A.A.C. R4-1-101 - Omits the definition of “compilation services” because it is defined in A.R.S. §32-701(8).

A.A.C. R4-1-104 - Omits the term “public accountant” as it was eliminated in Laws 2018, Ch. 268 (SB 1443).

A.A.C. R4-1-115.03 - Updates the powers and duties of the Peer Review Oversight Committee to 1) conform to Laws 2018, Ch. 268 (SB 1443) which provided the Board the power to delegate to its Executive Director the authority to approve compliance with peer review requirements, 2) conform with rules effective January 1, 2018 which eliminated educational enhancement reviews, and 3) clarify that the committee can make a recommendation to the Board for initial analysis pursuant to A.R.S. §32-742.01.

A.A.C. R4-1-453 – Updates statutory references, changes the word percent to hours when describing continuing professional education hours, and codifies existing business procedures wherein registrants report subject and method when reporting on continuing professional education.

A.A.C. R4-1-455 - Updates the incorporation by reference to the Code of Professional Conduct published from 2017 to 2019.

A.A.C. R4-1-455.01 - Repeals the term “practice of public accounting” to conform with Laws 2018, Ch. 268 (SB 1443).

A.A.C. R4-1-456 – Repeals the words “individual” and “firm” because “registrant” is a defined term in A.R.S. § 32-701(24) and means any CPA or firm that is registered with the Board.