

Meeting Agenda
SOUTH DAKOTA BOARD OF ACCOUNTANCY
 Conference Call
 Call in Number 1-844-833-2684 Access Code 0916568#
 December 5, 2018
 9:00 a.m. (CT)

A=Action
 D=Discussion
 I=Information

A. Call to Order.....	Budahl
B. Roll Call	Kasin
C. Public Comment.....	Oratory
D. A-Approval of Minutes of Meeting October 23, 2018.....	2-3
E. A-Approval of Certificates & Firm Permits.....	4-5
F. A-Report to Board on 2 nd Request for CPE Extension.....	6-8
G. D-Report to Board from Committee for AUP.....	9
H. D-Executive Director's Report.....	10

AICPA

I. D-Board of Examiners Meeting Highlights October 4-5, 2018.....	11-14
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NASBA

J. D-Board of Directors Meeting Minutes July 20, 2018.....	15-21
K. D-Board of Directors Meeting Highlights October 26, 2018.....	22-23
L. D-Executive Summary and Report October Focus Questions.....	24-34
M. D-UAA Model Rule Change.....	35-36
N. A-Quarterly Focus Questions.....	37-38

EXECUTIVE SESSION

O. Equivalent Reviews, South Dakota Review and Off-Site Request for Board Approval.....	Spt. Pkt.
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FUTURE MEETING DATES (all times CT)

- P. Meeting Dates TBD
- Q. Adjournment

Meeting Minutes
SOUTH DAKOTA BOARD OF ACCOUNTANCY
Conference Call
October 23, 2018 9:00 a.m. CT

Chair Deidre Budahl called the meeting to order at 9:01 a.m. Nicole Kasin called the roll. A quorum was present.

Members Present: Jay Tolsma, Marty Guindon, David Pummel, Jeff Strand, and Deidre Budahl.

Members Not Present: Jeff Smith

Others Present: Nicole Kasin, Executive Director, Julie Iverson, Sr. Secretary, Graham Oey, Staff Attorney, DLR, and Kevin Lehan.

Marty Guindon made a motion to approve the agenda. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

The chair opened the floor for public comment. No comments were received.

The Board discussed Kevin Lehan's request for reconsideration for reinstatement of his license.

Marty Guindon made a motion to approve the reinstatement of Kevin Lehan's license. Mr Lehan must meet the requirements and apply in an active status. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

Kevin Lehan left the meeting at 9:08.

David Pummel made a motion to approve the September 12, 2018 meeting minutes. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

Marty Guindon made a motion to approve the issuance of individual certificates and firm permits through October 17, 2018. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

Jeff Strand made a motion to approve the financial statements through September 2018. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

The Board discussed the CPE extension requests for Steve Wagner and Laura Johnson

Jeff Strand made a motion to deny Laura Johnson's request for a 2nd CPE extension based on Johnson failing to meet the requirements of ARSD 20:75:04:10 and to have the Board suspend her license for a period of 3 months, with 3 months held in abeyance for 1 year subject to Johnson: completing necessary CPE by December 31, 2018, paying an administrative fine of \$250 due within 30 days, and complying with the laws and rules of the Board. In addition, Johnson will not be granted CPE extensions for 3 years and is subject to a CPE audit. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

Steven Wagner's CPE extension request was tabled until the December 5, 2018 meeting as the board is requesting additional information.

Executive Director Kasin discussed her report with information on the Board Agreed Upon Procedure and an update on CPE audits.

Marty Guindon made a motion to begin the Public Rules Hearing at 9:30 a.m. Jeff Strand seconded the motion. A roll call was taken. **MOTION PASSED** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

The regular meeting of the board was suspended at 9:30 a.m. for a public hearing to adopt rule changes. See minutes of hearing posted for action taken.

The regular meeting of the board was reconvened at 9:41 a.m.

Jeff Strand made a motion to enter into executive session for the deliberative process for peer reviews, a follow-up, a complaint, and an Initial CPA License application request. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

The Board came out of executive session.


Marty Guindon made a motion to accept the peer reviews, the follow-up, the complaint, and the initial CPA license application as discussed in executive session. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

FUTURE MEETING DATES (all times CT)
December 5, 2018 9:00 a.m. conference call

David Pummel made a motion to adjourn the meeting. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma -yea; Guindon -yea; Pummel-yea; Strand-yea; Budahl-yea)

All business having come before the board was concluded and Chair Deidre Budahl adjourned the meeting at 9:58 a.m.


Deidre Budahl, CPA, Chair

Attest: 
Nicole Kasin, Executive Director


Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through November 28, 2018

Number	Name	Date Issued	Location
3407	Joey Robin Vrooman	10/22/18	Rapid City, SD
3408	Conner Lewis Solseng	10/25/18	Aberdeen, SD
3409	Calvin Dean Youel	11/01/18	Rochford, SD
3410	Stacey Jo Adam	11/06/18	Brandon, SD
3411	Joseph James Parsley	11/07/18	Sioux Falls, SD
3412	Mary McLoed Tomlinson	11/14/18	Bentonville, AR
3413	Anita Marlene Silver	11/20/18	Sturgis, SD

**FIRM PERMITS TO PRACTICE PUBLIC ACCOUNTANCY
BOARD COPY**

**Issued Through
November 28, 2018**

Number	Name	Date Issued	Basis/Comments
1724	Calvin D. Youel, CPA Rochford, SD	11/01/18	New Firm
1725	Richey, May & Co., LLP Englewood, CO	11/06/18	New Firm
1726	Dennison CPA. PC St. Cloud, MN	11/06/18	New Firm

CPE EXTENSION REQUESTS

Nicole Kasin

The following request was tabled from the October 23, 2018 board meeting, after the board requested further documentation from the CPA. The documentation from the CPA was to be received in the board office by November 26, 2018. As of November 28, 2018 we have not received the additional information requested from the CPA.

The individual requested a second CPE extension for the July 1, 2017 to June 30, 2018 CPE reporting period. He had already been given a 90-day extension from staff which was through September 30, 2018.

In accordance with ARSD 20:75:04:10 the board shall review subsequent requests for extensions and may grant them on a case by case basis for good cause. Good cause includes personal emergencies, acts of God, administrative errors made by the board or the board of another state, or substantial compliance with SDCL chapter 36-20B or article 20:75.

Please make a determination for the following request.

To the board and whom it may concern:

I am requesting an additional extension of time to complete my CPE for the 2017-18 year for the following reasons:

I was sick with walking pneumonia for over two months from the period of May - July
My mother had a Stroke on 4/19/18 and I have needed to be taking care of her financial and mental health well being which has limited what little time I already had due to tax season.
I am currently being treated for a medical condition which resulted from my former illness/overload earlier in the year!

I can provide the necessary documentation for both medical issues if needed for substantiation
I have completed more than the CPE required for the past 3 year periods and an additional 40 hours two years ago for Securities/ Investments which I did not even get to / need to report
My CPA license means everything to me and my well being because of my Age, Love of the work I do, tax niche market that no one else in town is interested in providing for.

I appreciate the original Three-month extension given to me by the ED of the SDBOA and fully expected to be able to finish my CPE by that time but due to my two medical issues since April.
I have tried to complete these hours several times since 6/30/18 but have been unable to even make much progress in that time period due to my Health.

Due to my present medical condition and the unknown of how long my recuperation may take, I am requesting and an additional 3 month period to complete this requirement for 2017-18, and be able to start early on my 2018-19 CPE if possible.

Now that my tax extension deadlines have passed, I am hoping to work reasonable hours going forward and be able to accomplish this! Thanks again for your consideration.

Please consider all of the above and I thank you for your consideration in this very important matter!

Sincerely,

Steven C. Wagner, CPA



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

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www.accountancy.sd.gov

October 26, 2018

Steve Wagner
Steven C. Wagner, CPA
108 E. 38th St. Suite 102B
Sioux Falls, SD 571015

Dear Mr. Wagner,

The South Dakota Board of Accountancy reviewed your request for a second CPE extension dated October 16, 2018 at their October 23, 2018 Board meeting via conference call.

The Board is requesting additional information to be reviewed with your letter at their December 5, 2018 board meeting:

- The Board is requesting the documentation that you offered to provide to substantiate both medical conditions you referenced in your letter; and
- The Board is requesting the detail of the courses that you have completed for CPE for the period July 1, 2017 to June 30, 2018 with the first extension period through September 30, 2018. For this period, you were required to complete 61.5 CPE hours. I have enclosed a CPE form to provide the information on the courses.

Please provide the necessary information to the Board office no later than November 26, 2018.

Sincerely,

Nicole Kasin
Executive Director

Report to Board from Committee for AUP

11-28-18

The committee met on October 30, 2018. They discussed the various criteria the board should consider placing in the RFP for the AUP.

From the committee discussion here is the recommendation:

Criteria:

- Inquire of management regarding the internal control processes as they relate to cash receipts for the revenue process, provide recommendations for improvements to be considered.
- Recalculate the annual revenue for the following categories:
 - Initial CPA Certificate
 - Individual Renewal in Active, Inactive and Retired
 - Firm Permit Renewal
 - Firm Owners Fee
- Review two separate months of the local checking account and reconcile internal records to the state report of monthly activity and ending balances. One month must be June, the accountant has the discretion to select any other month.
- For the months selected above, review all journal entries in Quickbooks for agreement to state provided reports.
- RFP to cover each of the years ending 2017, 2018, 2019, 2020 and 2021
- The first engagement shall cover the years ended June 30, 2017 through 2019. Records for each of the three years will be available in August 2019, with expected delivery of the reports to the Board of Accountancy for acceptance at the December 2019 board meeting.
- Each subsequent year records will be available by August 1 with final report delivery expected in December.

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

CPE Audits

The list of licensees has been selected for CPE audits and letters were sent out to those selected on October 1, 2018. The documentation is due in our office no later than October 31, 2018. The following is the current status of the audits as of November 28, 2018:

	Selected	Complied	Not Complied	Granted Extension	Approved CPE Audit	Failed CPE Audit
CPA (Active)	110	109	1	0	90	0

Rule Changes Process

The board held the public hearing for the proposed changes to the rules at their October 23, 2018 Board meeting. The process continued with review at the Interim Rules Review Committee on November 20, 2018. The proposed rules process was approved and the changes have been submitted to the Secretary of State.

Board Discussion

- Any New Business/topics?



AICPA BOARD OF EXAMINERS (BOE) MEETING HIGHLIGHTS

October 4 – October 5, 2018

Participants

BOE Members: Diego Baca, Doug Behn, Barry Berkowitz, Helen Brown-Libur, Alison Cheng, Al Cohen, Michael Daggett, Jeanne Dee, David de Silva, Evan DeFord, Jeff Hoops (Chair), Shelly Holzman, Audrey Katcher, Daniel Sweetwood, Michael Watts, Tom Weirich, Jim Wollack

AICPA Staff: Michael Decker (Staff Liaison), Elizabeth Forman, Rich Gallagher, John Mattar, Amy Pawlicki (remote), Robin Stackhouse

NASBA Staff: Colleen Conrad

NASBA ERB Staff: Sheena Murphy

NASBA-AICPA-Prometric CPA Exam Enterprise Program Manager: Bill Emmer

David de Silva, Chair of the State Board Committee (SBC), led a discussion on recent state board developments related to the CPA Exam, including:

- A discussion on the 150 hours required for licensure
- The coordination and communication among the boards regarding Exam information
- Candidate concerns about application processing delays

Jim Wollack, Chair of the Psychometric Oversight Committee (POC), reported on the POC's collaboration with the AICPA's psychometric staff and external consultants on their review of the Exam. In the coming year, the POC will focus on exam design and practice analysis methodologies.

Doug Behn, Chair of the Content Committee (CC), reported that the CC and its section subcommittees, in collaboration with the AICPA staff, continue to develop content for the updated blueprints. They are closely monitoring the performance of all the items in the sections with the updated April 2018 test delivery software. The section subcommittees are requesting items be developed in high attrition areas, specifically the analysis and evaluation task-based simulations in the AUD section and Area IV Information Technology in the BEC section. Doug also reported that Exam's staff has been able to restart the Technical Accuracy Reviews of multiple-choice questions and that considerable progress was made year-to-date in all sections but REG, acknowledging REG's focus to date was dealing with P.L. 115-97 enacted into law in late 2017.

The REG subcommittee worked tirelessly with staff reviewing the item bank for obsolescence considering P.L. 115-97. They have reviewed over 1,500 MCQs and 100 TBSs in the REG section. About 10% of the MCQs proved problematic and more than 50% of the TBSs had obsolescence issues. Fortunately, many of the TBSs were able to be reworked with minor changes to conform with the new law. Content staff worked with operations and psychometrics to complete test builds for 19Q1 and 19Q2 and have determined that no score holds will be required for those windows, nor for the balance of 2019.



David de Silva and Barry Berkowitz, provided insight on the perspective of the State Boards' current views on the Exam and the profession, including:

- Anti-regulation activities
- State boards' general support for continuous testing
- Peer review renewals
- Candidate extensions due to the score holds

Barry Berkowitz, Financial Oversight Group Chair, and Michael Decker, VP of Examinations, reviewed the 2018 actuals and YTD figures and forecast with the BOE. Domestic scored sections are estimated to be approximately 197,000 when the forecast and annual standard is for 235,000 scored sections; a forecasted drop in revenue between \$3.5M and \$4.1M.

Research continues into the trends and includes: flat volumes following the positive surge of candidates in late 2016 and early 2017, candidates delaying testing while scores are being held, reduced firm hiring, candidates impacted by the launch of the Gateway, application backlogs, and immigration restrictions. We continue to monitor 18Q4 and 19Q1 scheduling.

Given cost savings in the current year, the reduction of the surplus is much less significant than the revenue decline. The Exams team is working on a 2019 budget reflecting lower volumes and additional cost reductions to manage the breakeven contract through 2024.

Colleen Conrad, NASBA Executive Vice President and Chief Operations Officer, updated the BOE on NASBA's strategies and projects including:

- NASBA's focus on state boards' relationships, effectiveness and efficiencies
- Support and advocacy with respect to anti-regulation efforts
- Legislative support and execution for enacting continuous testing
- Gateway 2.0 and CPE Audit tool updates

Colleen discussed with the BOE the implementation of continuous testing by the AICPA, NASBA, and Prometric and its impact on the state boards, requiring changes to state statutes, rule, or systems. NASBA will survey the state boards, propose updated language to the UAA, and will work with state boards to implement this change. A preliminary target date of January 2020 to launch has been set.

Colleen also informed the board regarding the alternative pathway project and the creation of a joint AICPA-NASBA committee to further explore the evolution of the CPA.

Content Committee Chair, Doug Behn, and AICPA Senior Director of Examination Content, Richard Gallagher, engaged the BOE in a discussion of the annual review of Exam Blueprints. There were no significant changes made to the REG and FAR blueprints. The AUD blueprint saw several revisions related to task statements addressing Audit Data Analytics. These changes were made based on research by the AICPA staff including the input from an audit data analytics working group of practitioners and academics. Data analytics will be assessed in AUD beginning January 1, 2019 because we concluded that the revisions to the blueprint are clarifying what we believe already is eligible for testing. Area IV of the BEC



blueprint was substantially reorganized to provide a clearer view of what is assessed in that area including that the area covers both internal and external IT environments. All task statements were mapped from the old blueprint to the new and no loss of content resulted from the change.

All blueprint changes had been unanimously approved by the Content Committee, and likewise, were unanimously approved by the BOE.

Sheena Murphy, NASBA's Director of the Examination Review Board (ERB), shared with the BOE that 2019 audit planning was underway.

Amy Pawlicki, AICPA Vice President of Assurance & Advisory Innovation, facilitated an informative discussion on the future of Audit and the role of the AICPA's Assurance Services Executive Committee (ASEC). ASEC's focus is to continuously anticipate, identify, assess and address significant developments and opportunities relating to emerging assurance and advisory needs, and to determine and develop relevant thought leadership, guidance and criteria, tools, and member support.

The task forces and working groups within the ASEC include:

- Strategic Direction Working Group
- Trust Information Integrity Task Force
- Sustainability Assurance and Advisory Task Force
- Materiality Working Group
- Emerging Technologies Task Force
- Other Projects – ERM, Blockchain, Crypto Assets, AI

Perhaps most important are the System and Operational Controls (SOC).

- SOC 1 --- Service Organizations: ICFR
- SOC 2®— SOC for Service Organizations: Trust Services Criteria
 - SOC for Service Organizations: SOC 2® HiTrust
 - SOC for Service Organizations: SOC 2® CSA STAR Attestation
- SOC 3® —SOC for Service Organizations: Trust Services Criteria for General Use Report
- SOC for Cybersecurity and SOC for Vendor Supply Chain are under development

Audit innovation projects include AICPA's:

- Audit Data Analytics Guide
- Audit Data Analytics Mapping Tool
- Audit Data Standards implementation guidance, and
- Rutgers AICPA Data Analytics Research Initiative (RADAR)

AICPA Vice President of Examinations, Michael Decker, provided the BOE with an update on the strategic initiatives not previously discussed, which included an enhanced Sample Test for candidates. The enhanced Sample Test, available on the AICPA website, will allow candidates to view an entire testlet of MCQs (multiple choice questions), 3 – 5 TBS (task-based simulations) based on the section taken, a subset of the Authoritative Literature, and a research or constructed response item.



In addition, the following features will be provided for each item:

1. The correct answer key (MCQ and TBS)
2. Blueprint references - Area, Group and Topic (MCQs and TBS)
3. Rationale (TBS only)
4. Sample answer (written communication) (one or more)

A short candidate survey will be used to measure trends, adoption, usage, and impact of new features.

Design and development of an AT (Assistive Technology) Driver is underway that will improve the experience for ADA candidates, enabling the ADA candidates to view a sample test, navigate the Exam independently, and which will not require a second, separate machine for Exam administration.

The AT Driver will offer the flexibility to support multiple screen readers (JAWS, Zoomtext Speech) and other assistive tools and will be based on the same architecture/code and core features as our current Driver.

The CPA Exam successfully launched administration in Europe (Germany, Ireland, England, and Scotland) where eligible candidates from the following countries may also test: Norway, Russia, Switzerland, United States, and all nations of the European Union.

Administration of the Exam in India continues to be explored by NASBA, AICPA, and Prometric.

Michael Decker and Richard Gallagher, led the BOE in a program review discussion as we explored the following question: "What does the Exam of the future look like and how do we prepare today to develop and launch it?"

Audit data analytics and alternative pathways discussions are currently underway. The question of how long the current Exam in its existing structure will continue to fulfill its mission was of great consideration. Mike led the group in a discussion of these matters, highlighting external pressures and questioning how the Evolution of the CPA Committee might open the door to changing the structure of the Exam. Several feasible catalysts of changes to the Exam structure include: increased assessment of audit data analytics, audit technology and tools, and audit automation and blockchain.

Initial suggestions included:

- Explore elimination of the Constructed Response question (15% of one's score, one hour of time, costly)
- Improve the research questions to better simplify the use of the Authoritative Literature

Next steps will be to:

- Review the list of brainstormed ideas
- Calculate benefit, cost, stakeholder impact, ramifications, etc.
- Secure stakeholder approval, develop implementation plans, etc.
- Insert into our software development roadmap where appropriate.

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors

July 20, 2018 – Rancho Bernardo Inn, San Diego, CA

1. Call to Order

A meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Theodore Long, Jr., at 9:00 a.m. on Friday, July 20, 2018 at the Rancho Bernardo Inn in San Diego, CA.

2. Report of Attendance

President and CEO Ken L. Bishop reported the following were present:

Officers

Theodore W. Long, Jr., CPA (OH), Chair
Janice L. Gray, CPA (OK) Vice Chair
Telford A. Lodden, CPA (IA), Past Chair
Jimmy E. Burkes, CPA (MS), Treasurer
W. Michael Fritz, CPA (OH), Secretary

Directors-at-Large

J. Coalter Baker, CPA (TX)
Maria E. Caldwell, CPA (FL) (via conference call)
John F. Dailey, Jr., CPA (NJ)
Tyrone E. Dickerson, CPA (VA)
Raymond N. Johnson, CPA (OR)
Rick Reisig, CPA (MT)
E. Kent Smoll, CPA (KS)

Regional Directors

Catherine R. Allen, CPA (NY), Northeast Regional Director
C. Jack Emmons, CPA (NM), Southwest Regional Director
Sheldon P. Holzman, CPA (IL), Great Lakes Regional Director
Sharon A. Jensen, CPA (MN), Central Regional Director
Nicola Neilon, CPA (NV), Mountain Regional Director
Katrina Salazar, CPA (CA), Pacific Regional Director
Stephanie M. Saunders, CPA (VA), Middle Atlantic Regional Director
Casey Stuart, CPA (TN), Southeast Regional Director

Randall Ross, CPA (OK), Executive Directors Committee Liaison

Staff

Ken L. Bishop, President and Chief Executive Officer

Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Louise Dratler Haberman, Vice President - Information and Research
Thomas Kenny, Director - Communications
Troy Walker, CPA, Controller
Noel L. Allen, Esq., Outside Legal Counsel

3. Approval of the Minutes

Secretary W. Michael Fritz presented the minutes of the April 27, 2018 meeting of the Board and the May 21 telephonic conference. The minutes were unanimously approved as presented.

4. Report of the Chair

Chair Long summarized the discussions held at the Executive Committee's meeting on the previous day. Topics included in those discussions were: NASBA's infrastructure, revenue from the Uniform CPA Examination and its impact on current and future years, the work of the accreditation task force, progress of the Uniform Accountancy Act Committee, legislation for deregulation, and efforts to pass federal legislation to protect the Boards from litigation based on the Supreme Court's *North Carolina Dental Board* ruling. He reported Executive Vice President and Chief Operations Officer Colleen Conrad had presented an executive report on operations and all is going well.

For the present meeting, Chair Long said there are five key topics he expects the Board of Directors to discuss in depth: the recently proposed technology pathway to the CPA concept; the purpose of the Uniform CPA Examination; additional experience to provide certain audit and examination services; international mutual recognition agreements; and the conclusion of the work of the Reorganization Impact Task Force. This meeting will also include a closed session to address matters of staff compensation.

A summit meeting will be held with AICPA and NASBA leaders August 2-3 in New York City. It is anticipated the technology pathway and the additional experience concepts will be the main topics for that meeting as well.

The NASBA Awards Committee met on June 16 and made the following recommendations for the 2018 NASBA awards:

William H. Van Rensselaer Award to Gaylen G. Hansen (CO);

Distinguished Service Award to Harry O. Parsons (NV);

Lorraine P. Sachs Standard of Excellence Award to Susan L. Somers (KS).

Mr. Reisig seconded the Awards Committee's recommendations and they were unanimously approved. Chair Long will inform the award winners. The awards will be presented at the Annual Business Meeting on October 30.

5. Report of the Vice Chair

Vice Chair Janice L. Gray reported she had held a planning meeting to set out the committees for 2018-2019. She has tentatively determined the committee's rosters, including their chairs, but will have to wait until after the NASBA officers are elected before she will be able to finalize the rosters. Some late committee applications had been received, but Ms. Gray said 95 percent of the assignments have been completed.

Vice Chair Gray announced tentative NASBA Board meeting dates for 2019.

6. Report of the President

President and CEO Ken Bishop reported this had been a "challenging year," with candidate numbers coming back more slowly than anticipated. However, he stated this has not led to any reduction in mission spending, and the budget for the coming year contemplates some exciting opportunities.

NASBA's recent activities were summarized for the Board by President Bishop and Executive Vice President and COO Colleen Conrad, including the following:

- The new conference room on the 8th floor of the Nashville headquarters has allowed for NASBA to gather the entire staff in one space, as well as host other groups' meetings. A cutting-edge push-to-talk microphone and call-in system is being installed to enhance the use of the space.

- An employee program utilizing Fitbit has helped to reduce NASBA's insurance costs, while also allowing staff members to minimize their deductibles to as low as zero.

- As of August 1, Wade A. Jewell will become president of AEQUO and Director of the NASBA International Evaluations business unit; Ryan Hirsch will be promoted to Vice President of the NASBA Center for the Public Trust; Thomas G. Kenny will be promoted to Chief Communications Officer; and Shelly Crosby will become Associate Director of Client Services. Alfonzo Alexander has been named Chief Diversity and Ethics Officer, in addition to his role as CPT President.

- NASBA's New York City office is scheduled to be relocated to a higher floor in its present building in late September. The move is at the landlord's cost except for any new furniture purchases.

- Chair Long and President Bishop attended the annual meeting of the National Association of Black Accountants, where Mr. Long was honored as one of the early African-American partners of E&Y. They also attended a meeting of the Ph.D. Project and, with Executive Vice President Conrad, the Financial Accounting Foundation Annual Meeting.

- Talks are continuing with the Institute of Chartered Accountants of England and Wales toward developing a mutual recognition agreement. The NASBA/AICPA International Qualifications Appraisal Board, chaired by Sharon Jensen, is progressing with its work on agreement renewals and forging new agreements.

- The new Gateway System had some bumps and challenges with its first score release, but NASBA has worked through the kinks, and the score release in late June went very well. NASBA's operations team is working with legal counsel to ensure the Examination's consent forms and the system's cookies are updated to meet the EU's new data protection regulations. Testing in the EU will be introduced once this issue is addressed.

- The CPE Audit Tool is still on target to meet its anticipated launch time. The Rules Engine Service is operational. Initial customers are in the process of developing their front-end systems to utilize the service. Additional contracts for use of the service are in negotiation.

- Congratulations to the Regional Directors for developing excellent Regional Meetings and to the Center for the Public Trust for its Student Leadership Conference.

- Wisconsin has been added to the Accountancy Licensee Database and CPA Verify, and an agreement on data sharing has been signed with Utah. The Hawaii and Delaware Boards have approved participation in ALD but implementation has not yet gotten traction within their agencies. Several states have had IT system changes, which necessitate the relinking of their systems with ALD. President Bishop noted this is the only profession with such a comprehensive database, which now covers over 98 percent of the licensed CPAs.

- The proposal of continuous Uniform CPA Examination testing met with no opposition at the Regional Meetings. Language to accommodate such a change will be brought to the AICPA/NASBA Uniform Accountancy Act Committee for consideration and dissemination for comment to the Boards.

- The Regional Meetings' discussion of the proposed technology pathway was high quality and strengthened NASBA. The UAA Committee will take up discussion of NOCLAR (noncompliance with laws and regulations) on September 12-13 during a meeting in Nashville. IESBA Chair Stavros Thomadakis will be in speaking to the Committee. NASBA UAA Committee Chair Coalter Baker was thanked for keeping NOCLAR on the committee's agenda.

- The AICPA's response to the work of the Reorganization Implementation Task Force's work was well received. Having the AICPA shift its stand on the branding was a significant accomplishment and John Dailey, Nicola Neilon and Randy Ross' work with the RITF was praised.

- Firm mobility has now been adopted in 25 jurisdictions, with Kentucky, Michigan and New Hampshire adopting it this year. The revised "attest" definition has been adopted in 48 states now and CPE reciprocity is in 27 states.

- Anti-regulation legislation has been introduced in 18 states. Federal legislation to protect members and staff of professional licensing boards is expected to be introduced in a week by Congressman K. Michael Conaway. NASBA will be reaching out to Accountancy Boards to gather support for the legislation.

- Issues to be watched include: required experience, content of the Uniform CPA Examination, possible accreditation of certificate programs from universities, and the future of the International Accounting Education Standards Board.

- The next conferences for State Board Executive Directors and Legal Counsel will be March 26-28, 2019 in San Antonio, TX.

7. Report of the Administration and Finance Committee

Treasurer Jimmy E. Burkes noted the financial report through May 2018 was very similar to the report through February. Management had managed resources well and investment income continued to be well above budget with only a few days left in the fiscal year, he observed. NASBA Senior Vice President and Chief Financial Officer Michael R. Bryant gave a

financial report on the Fiscal 2018 projected financial results as compared to the Fiscal 2018 budget and in contrast to the proposed Fiscal 2019 budget.

The Board accepted the May 2018 internal financial statements and approved NASBA's Fiscal 2019 consolidated operating and capital budgets as presented by Treasurer Burkes and Mr. Bryant. The Board also approved the investment policy statement incorporating the changes proposed by the A&F Committee, as presented by Treasurer Burkes.

8. Report of the Audit Committee

Audit Committee Chair Maria E. Caldwell reported the Committee had met with LBMC, the independent auditors, on May 10 in Nashville to plan the annual audit process.

9. Report of the Nominating Committee

Nominating Committee Chair Telford Lodden submitted the report of the Nominating Committee:

Directors-at-Large (three-year term):

A. Carlos Barrera, CPA (TX)

Sharon A. Jensen, CPA (MN)

Stephanie M. Saunders, CPA (VA).

Regional Directors (one-year term):

Central – Faye D. Miller, CPA (ND)

Great Lakes – Sheldon P. Holzman, CPA (IL)

Middle Atlantic – Michael H. Womble, CPA (NC)

Mountain – Nicola Neilon, CPA (NV)

Northeast – Catherine R. Allen, CPA (NY)

Pacific – Katrina Salazar, CPA (CA)

Southeast – Jack Anderson Bonner, Jr., CPA (TN)

Southwest – C. Jack Emmons, CPA (NM)

As previously announced, Laurie J. Tish, CPA (WA), is the Nominating Committee's choice for Vice Chair 2018-2019, to accede to Chair 2019-2010 if elected Vice Chair by the member Boards at the October Annual Meeting.

10. Report of the Reorganization Impact Task Force

RITF Chair John Dailey reported that AICPA Executive Vice President Susan Coffey had made the following assurances at the NASBA Regional Meetings in response to the questions asked by the Task Force:

- The face of the Association is the AICPA and CIMA, with AICPA being the American Institute of Certified Public Accountants and only the Institute will use the AICPA acronym.
- There is no designation entitled "Certified Professional Accountant" and there is no intention of creating one.
- CPE programs are administered by the Institute as the sponsor. The Association is to be removed from the NASBA CPE Sponsor Registry.

- The Institute owns the Uniform CPA Examination and administers it along with NASBA and Prometric. All AICPA fees are controlled by the Institute.
- The Institute is party to all mutual recognition agreements.
- All other CPA-specific programs (such as the Peer Review Standards, the Code of Conduct, etc.) are owned by the Institute.
- The reorganization has no impact on Institute contractual agreements.
- The idea behind the Association was to create efficiencies, but mistakes were made.
- All appropriate branding is to go back to the Institute by the end of August 2018.
- There is much to be reversed and Ms. Coffey asked that any matters after August 31 be brought to her attention or to Ms. Conrad's.

Mr. Dailey advised that NASBA be diligent in monitoring the progress on these assurances.

11. Report of the Relations with Member Boards Committee

Relations with Member Boards Committee Chair Stephanie Saunders reported the Regional breakout sessions contained lively discussions. The proposed technology pathway raised questions and many comments and suggestions. The proposal for combining Regional Meetings led to many people praising the relative intimacy of the two separate Regional Meetings, and the Regional Directors ultimately decided the present two-meeting format should continue.

The Regional Directors will be holding conference calls with their states in August and September and questions to be posed during those calls were discussed. It was recommended that the Regional Breakfast Meetings be extended 30 minutes at the Annual Meeting, in recognition of the Regional Meetings' attendees' high scores for these sessions.

12. Report of the Bylaws Committee

Bylaws Committee Chair Katrina Salazar reviewed the amendments to the Bylaws being proposed by the Bylaws Committee. These mainly pertain to the nomination process. They include changes to Sections: 4.13.1-.3; 6.6.2; 7.2.2; 7.2.4 and 7.3.3.

A motion to present the proposed changes to the member Boards for vote at the Annual Business Meeting was made by Coalter Baker and seconded by W. Michael Fritz. All approved.

Chair Long thanked the Bylaws Committee for their work.

13. Executive Session

The Board went into Executive Session to discuss matters of staff compensation.

14. Report from the Executive Directors Committee

Executive Directors Committee Chair Randall Ross reported the 2019 Executive Directors Conference will again include State Society executives in a schedule similar to last year's. Anti-regulation legislation will be a major topic. Mr. Ross said this year there will once again be a session only for the executive directors of the State Societies and Boards.

15. Policy Discussion

The Board members discussed the feedback received from the member Boards on the initially proposed technology pathway. Pros and cons to different approaches to address bringing IT people into the CPA profession were considered.

Education is changing, but lack of coordination between university IT and business departments may not be enabling the accounting curriculum to keep pace with the marketplace. More sophisticated IT is being used across the profession.

The level and scope of the Uniform CPA Examination were discussed.

The concept of requiring additional experience to sign audit and examination reports, as was introduced at the Regional Meetings, was further discussed and will probably go to the Uniform Accountancy Act to develop a proposal for the Boards' input.

16. Future Meetings

The Board will next meet in Scottsdale, AZ, on October 26.

17. Adjournment

There being no other new business, Mr. Baker moved to adjourn the meeting and Mr. Dailey seconded. All approved. The meeting was adjourned at 3:05 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

October 26, 2018 – Scottsdale, Arizona

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, October 26, 2018 at the Hyatt Regency in Scottsdale, Arizona, the Board took the following actions:

- Approved the distribution for comment of an amendment to Uniform Accountancy Act Model Rule 5-7 to permit Uniform CPA Examination candidates to retake a test section once their grade from the previous attempt of the same section is released. The amendment was developed in anticipation of continuous testing by the Computer-Based Testing Administration Committee. The motion was made by UAA Committee Chair Coalter Baker (TX) and seconded by Tyrone Dickerson (VA). The Board approved a three-month exposure period to begin in November.
- Approved the distribution for comment amendments to the UAA Model Rules pertaining to peer review. The motion was made by UAA Committee Chair Coalter Baker and seconded by John Dailey (NJ). The changes were developed by the Compliance Assurance Committee working with the NASBA UAA Committee. The Board approved a six-month exposure period to begin in January and conclude after the June Regional Meetings.
- Approved the FY 2018 auditor's opinion and NASBA audited consolidated financial statements as presented by Treasurer Jimmy Burkes (MS) and seconded by Rick Reisig (MT).
- Approved the Audit Committee's selection of LBMC PC as NASBA's auditor for 2018-19, as presented by Audit Committee Chair Maria E. Caldwell (FL) and seconded by Mr. Burkes.
- Heard from NASBA Chair Theodore Long (OH) that 52 jurisdictions would be represented at NASBA's 2018 Annual Meeting October 29 – October 31, 2018. He announced a new NASBA/AICPA joint working group, chaired by Northeast Regional Director Catherine Allen (NY), is considering how to evolve the CPA profession given the rapid technological changes impacting services provided. The other working group members include Tom Broderick, Mark Dawkins, Clayton Huffman, Nancy Wolvren Juron, Audrey Katcher, Rick Niswander, Todd Shapiro, Susan Somers and Michael Womble, and their work is being facilitated by Alfonzo Alexander. The group is expected to report to the next NASBA/AICPA summit.
- Approved the selection of Donald H. Burkett (SC) as Chair of the NASBA Center for the Public Trust. Thanked David A. Costello (TN) for his service as CPT Chair.
- Heard from NASBA President and CEO Ken L. Bishop that despite reduced examination services revenues this year, NASBA increased its mission spending to \$9,800,000 and is

budgeting to increase to \$11,500,000 in 2019. He praised the recently held National Registry Summit for what it has done to promote quality continuing professional education.

□ Approved unanimously the NASBA 2018-2021 Strategic Plan as presented by Chair Long and seconded by Mr. Dailey.

□ Heard a report from Vice President – State Relations Daniel Dustin on the ongoing program of visits to Boards of Accountancy. In the last three years, 40 Boards have been visited by Mr. Dustin and/or the Regional Directors.

□ Learned from Executive Vice President Colleen Conrad that State Board executives and Board members had expressed concern about the Peer Review Program's guidance recently approved by the Peer Review Board and released by the AICPA on requirements for membership on Peer Review Oversight Committees (PROCs) as well as responsibilities of PROCs. She has been assured by the AICPA that the guidance is currently being readdressed.

□ Thanked Past Chair Telford Lodden (IA), Director-at-Large Tyrone Dickerson (VA), Director-at-Large Raymond Johnson (OR), Director-at-Large E. Kent Smoll (KS), Southeastern Regional Director Casey Stuart (TN), and Executive Directors' Liaison to the Board Randall A. Ross (OK) for their service to NASBA on the the Board of Directors.

□ Thanked Chair Theodore Long, Jr., for his leadership throughout the year.

The next meeting of the NASBA Board of Directors will be held on January 18, 2019 in Marco Island, Florida.

Distribution:

State Board Chairs/President, Members and Executive Directors
NASBA Board of Directors, Committee Chairs and Staff Directors

Executive Summary
August 2 – October 16, 2018
Regional Directors' Focus Question Responses

36 Boards Responding

Alabama, Alaska, Arkansas, Arizona, California, Colorado, Delaware, District of Columbia, Georgia, Guam, Idaho, Illinois BOE, Illinois DFPR, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New York, North Carolina, Ohio, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, West Virginia, Wyoming

1. Has legislation that seeks to deregulate professions been introduced in your state?

Some responses: KS – Legislation was passed to eliminate barriers to obtain licensure for felony convictions; however, the Board of Accountancy was able to obtain an exemption from this legislation. CA – Three bills introduced but not approved.

2. It has been mentioned that many colleges are bringing IT courses into their accounting programs.

(a) **Can you identify any schools in your jurisdiction which have done so?**

Yes: 13 states.

(b) **Does your Board permit IT courses to be counted as accounting or business courses? Yes:** Accounting – 7; Business – 19.

(c) **If so, are there additional criteria those courses must meet? Yes:** 10 states.

3. (a) As your rules are currently written, could your candidates take the Uniform CPA Exam continuously throughout the year?

Yes: 8 states.

No: 9 states.

(b) **Can they only take sections once per window?**

Yes: 21 states.

No: 5 states.

4. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?

Some responses: NY – The AICPA revisions to the Peer Review Standards Chapter 3 have significantly impacted the PROC duties. NC – Joint Task Force with state CPA Association to review all CPE rules.

5. Can NASBA be of any assistance to your Board at this time?

Some responses: MN – We will be reaching out to talk about gaining access to the videos you have created. TN – Developing a PROC is still our biggest challenge.

For details, see Regional Directors' Focus Question Report.

NASBA REGIONAL DIRECTORS REPORT

The following is a summary of the written responses to focus questions gathered from the member Boards by NASBA's Regional Directors between August 2 and October 16, 2018. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Stephanie S. Saunders (VA) – Chair, Committee on Relations with Member Boards
– Middle Atlantic Regional Director*

Catherine R. Allen (NY) – Northeast Regional Director

Jack Emmons (NM) – Southwest Regional Director

Sheldon P. Holzman (IL) – Great Lakes Regional Director

Sharon A. Jensen (MN) – Central Regional Director

Katrina Salazar (CA) – Pacific Regional Director

Nicola Neilon (NV) – Mountain Regional Director

Casey Stuart (TN) – Southeast Regional Director

BOARDS RESPONDING – 36

Alabama, Alaska, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Guam, Idaho, Illinois BOE, Illinois DFPR, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New York, North Carolina, Ohio, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, West Virginia, Wyoming

1. **Has legislation that seeks to deregulate professions been introduced in your state? If so, please give details.**

Yes: AL, AR, AZ, CA, KS, LA, MT, NE, VA

Please Explain:

AR – “Right to a lawful occupation” bills were filed in 2015 and 2017.

AZ – There were several bills this past legislative session that dealt with either some consolidation or full repeal of a Board or Commission. There was a bill that passed which moved the Radiation Regulatory Board to the Arizona Department of Health Services. There were also bills that were introduced but did not pass to repeal boards that regulate athletic trainers, barbers, behavioral health practitioners, dispensing opticians, funeral directors, massage therapists, geologists & landscape architects and homeopathic physicians.

CA - The following bills were introduced in the California State Legislature in 2018, but were not approved:

Assembly Bill 2409 (Kiley) would have established a right to engage in a profession or

vocation without being subject to an occupational regulation that imposes a substantial burden on that right, and creates a private right of action for individuals to sue a regulatory board in court, wherein the board must prove through a preponderance of evidence that any challenged occupational regulation is limited to what is demonstrably necessary and narrowly tailored to fulfill a legitimate public health, safety, or welfare objective.

Senate Bill 247 (Moorlach) would have repealed the requirements for an individual to obtain a license to perform the following activities: fitting or selling hearing aids, locksmithing, barbering or the application of makeup, disposing of cremated human remains, and performing custom upholstery services. Modifies the regulation of certain landscapers, tree service contractors, and private investigators.

Senate Bill 999 (Morrell) would have removed the practices of shampooing, arranging, dressing, curling, and waving hair from the practices of barbering and cosmetology, allowing any individual to perform these services for compensation without training or licensure by the state. The bill would also remove the practice of cleansing or beautifying the hair of any person from the practice of cosmetology.

ID – I would like to add that Idaho self-regulated agencies recently were under Executive Order 2018-06 which asked us to report on our licensing requirement statutes and rules and identify those statutes and rules that are found to be “unnecessary” and/or “obstacles” to licensing. While we had previously identified some rules that we would consider amending or eliminating to make the process less challenging to candidates, it is now our understanding that these reports were submitted to the Office of the Lt. Governor to an Interim Committee called the Occupational Licensing and Certification Laws Committee. It is my opinion that legislation may come out of this committee for presentation during the 2019 legislative session, but all that is known at this point is that agencies will be assigned to members of this committee to review the agencies’ licensing requirements in statute and rules. Stay tuned.

KS – Legislation was passed to eliminate barriers to obtain licensure for felony convictions; however, the Board of Accountancy was able to obtain an exemption from this legislation.

LA – NASBA (John Johnson and Nathan Standley) have worked with our state society to respond to deregulation legislation bills filed this past March. It has mostly been successful in defeating the legislation or excluding the CPA profession to date. Our state society continues to work with other professional associations that could be affected by

deregulation legislation, as it often seems the legislative language proposed has far-reaching consequences. We expect continued attempts from organizations seeking to pass deregulation legislation.

MT – Last legislative session a bill was introduced to eliminate the Board of Public Accountants and three other professions. It didn't make it out of committee.

NE – LB 299 was passed into law last year. It requires, along with other provisions, that the Public Accountancy Act and Board regulations be reviewed every five years by a Legislative Committee to ensure the “least restrictive means” of regulations is utilized. Other provisions require the Board to review prospective licensees before a permit is issued and other provisions. Before adoption LB 299 was “watered down” removing provisions for a separate review by a new agency and specific requirements needed to remove barriers to licensure. The Board concluded it could live with the Bill and remained neutral in the process.

NV – Nevada Legislature meets every odd year therefore the session won't begin until January 2019. There has been extensive oversight this past year through Sunset Review and Executive Branch Audit Committee audits of Boards. There is a consolidation tone to these requests however there has not been any movement at this point to deregulate or consolidate Boards.

VA – Historically, laws have been routinely introduced with no significant impact on the Virginia Board of Accountancy. However, the Joint Legislative and Review Commission recently released a report, which will likely spawn additional bills. Here is a link to a recent news article describing the report:

https://www.richmond.com/news/virginia/government-politics/audit-finds-virginia-regulates-too-many-occupations-lacks-fraud-prevention/article_102e2482-5b58-5b7c-9fc8-82eaae3c037f.html

WY – The staff and the Society are remaining alert to the possibility that legislation to deregulate may be filed.

No: AK, CO, DE, GA, GU, ID, IL BOE, IL DFPR, MD, MN, MS, NC, NV, NY, SD, TN, UT, WY

TN – Tennessee has previously passed the Right to Earn a Living Act, an Apprenticeship bill, and the Fresh Start Act (related to felony convictions).

2. It has been mentioned that many colleges are bringing IT courses into their accounting programs.

(a) Can you identify any schools in your jurisdiction which have done so?

Yes:

- **CA** – The California Board of Accountancy has received transcripts from schools that offer IT related courses in their accounting and business programs. Although the California Board does not have a complete listing for California schools, two examples are: California State University, East Bay offers “Information Technology in Business” in their Accounting Department; California State University, Sacramento also offers IT courses in their accounting programs.
- **DE** - University of Delaware.
- **IL BOE** – There are several, some of which are requiring data analytics as part of their graduate programs.
- **KS** – Kansas requires an MIS and AIS course to sit for the Exam, so these are incorporated in the business and accounting programs at our colleges. Other courses, such as data analytics, etc., are not currently in the accounting program, but there is discussion to do so.
- **MD** – Smith School of Business at the University of Maryland.
- **MS** – University of Mississippi; Mississippi State University, University of Southern Mississippi, and possibly others.
- **NC** – 16
- **NV** – We believe there are IT courses at University of Nevada, Reno, and are waiting for response from the University of Nevada, Las Vegas, to confirm.
- **SC** – The University of South Carolina is offering IT classes as part of their masters of accounting programs. The programs in South Carolina are quickly moving to these courses. Some courses may have accounting designator while others may have computer science or information technology designator.
- **TN** – The Board has previously approved a Management Information Systems course from the University of Tennessee to count towards the upper division accounting hours requirement. Belmont University is revamping their MAcc program and intends to allow

an IT/Data Analytics track. However, they still incorporate enough accounting hours to meet our state requirements for licensure.

- **WV** – I believe that West Virginia University is working to bring IT courses into the accounting curriculum.
- **VA** – Virginia Tech joined KPMG’s expanded Master of Accounting with Data and Analytics Program; Virginia Commonwealth University offers a Master of Accountancy with concentration in data analytics; University of Virginia began offering a new course this year to MS in Accounting students entitled Data Management and Analytics for Accountants; other Virginia colleges and universities are actively working to incorporate Data Analytics into the accounting curriculum.
- **VT** – There are several we know of that have IT courses built into their programs either at the undergraduate or Masters level. Another has an IT requirement as part of the liberal arts requirement.

No: AK, AL, AR, AZ, CO, GA, GU, ID, MN, UT

N/A: WY

(b) Does your Board permit IT courses to be counted as accounting or business courses?

- **Accounting** - Yes: CA, AL, IL DFPR, NE, VT, GU, NV
- **Business** – Yes: AR, AZ, CO, GA, GU, ID, IL BOE, LA, MD, MI, MN, MS, NC, NV, NY, SC, TN, WV, WY

(c) If so, are there additional criteria those courses must meet?

Yes: AK, DE, MD, ME, MI, MN, MT, RI, SC, VT

- **AL** – If a course is labeled as Accounting IT then it can count towards the required accounting hours, if labeled business/IT then it counts toward the required business hours.
- **AR** – We require Accounting Information Systems – other IT courses may be acceptable for the accounting or business component, it would depend on the particular course.
- **AZ** – The Board’s statutes do not address this issue. A.R.S. 32-701(25) defines “related course” which includes computer science, information systems or data processing.

- **CA** – The California Board will accept IT courses towards CBA’s accounting or business-related subject requirement if the course was completed (and the student received credit) in the accounting or business department or if “accounting” is in the course title. This is in accordance with Business and Professions Code section 5093.
- **CO** – No more than six hours can be in any single subject area.
- **CT** – The Board would accept IT courses to be counted as accounting or business provided the IT courses further the students’ accounting or business education (such as MIS considerations for auditing).
- **GA** – Must be part of a General Business curriculum.
- **ID** – We would accept IT classes as part of the business requirement if the “IT” courses are housed within the business department of the school in question. No changes would be required.
- **IL BOE** – They must be identified as either from the Accounting Department or the Business Department.
- **LA** – Louisiana will accept “Accounting Information Systems” typically offered as an Accounting elective. We may accept other IT courses if offered through the Accounting College. Business courses offered/accepted must be offered through the institution’s College of Business, and that is where we typically see IT courses offered.
- **MS** – They must be noted as accounting curriculum by the college. Changes would be required.
- **NC** – Changes would be required.
- **NV** – No additional criteria, however, the response in (b) should be Yes to Accounting & Business. We allow one ACC IT course toward accounting requirement.
- **NY** – Accounting IT courses that are accepted and counted toward the 33 semester hour requirement in Accounting: Accounting Information Systems. The course needs to be out of the accounting department with a focus on accounting. Business IT courses that are accepted and counted toward the 36 semester hour requirement in business: **No**. Changes would be required.

- SC – If the courses have the ACCT prefix, then they would be able to be counted as accounting courses.
 - VT – Not specifically, but Section 4-2 of our Rules gives the Board discretion in determining if the course meets the criteria described.
 - WY – Accounting courses may not include IT course work AND Business courses may include IT course work. No additional criteria applies.
3. (a) **As your rules are currently written, could your candidates take the Uniform CPA Examination continuously throughout the year?**
- (a) **Yes:** AZ, CO, GA, GU, MT, NV, VT, WV
No: AL, AR, CA, ID, KS, LA, SD, TN, UT
- (b) **Can they only take sections once per window?**
- Yes:** AL, AR, AZ, CA, GA, GU, ID, IL BOE, KS, LA, MD, MN, MS, MT, NC, NE, SC*, SD, TN, VA, WY
No: AK, CO, RI, VT, WV
- *South Carolina’s statute defines a window as “a three-month period in which candidates have an opportunity to take the CPA Examination.” So, even if testing was allowed 365 days a year, they would only be able to take each section a maximum of four times per year, due to the limitations imposed by Section 440-2-35-(1)(b).
4. **What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?**
- AL – The Board is currently reviewing CPE rules and should approve changes to be effective 10.01.19.
 - AK – Continued travel approval restrictions.
 - CA - The CBA supports legislation (Senate Bill 795) that would make permanent the CBA’s mobility program, which allows qualified out-of-state CPAs to practice public accountancy in California without providing notice or paying a fee. The bill was approved by Governor Edmund G. Brown, Jr. on September 17, 2018, and filed with the Secretary of State on the same date. Last year, the CBA determined that the enforcement practices of all state boards of accountancy are substantially equivalent to NASBA’s Guiding Principles of Enforcement. Given the strong possibility that the CBA’s mobility program will be made permanent, the CBA’s Mobility Stakeholder Group (MSG) is reviewing and considering recommendations to the CBA regarding the methods to continue ongoing oversight of the various states’ enforcement practices. Ongoing

oversight would help ensure the protection of California consumers. In 2019, the CBA will undergo a thorough review by the California State Legislature, known as a Sunset Review. The CBA's first key step in that process is to submit a comprehensive report detailing its activities since the prior Sunset Review. Included in that report will be an analysis of the benefits of the CBA's peer review program. The report will be submitted to the California State Legislature by December 1, 2018 and posted on the CBA's website.

- **CO** – An Accountancy Sunset Review report will be published October 15, 2018. The State Board of Accountancy recently held a rulemaking to improve clarity, update references and address technical changes. Rules were adopted on September 19, 2018. Colorado has three new board members, two professional and one public, with a total of seven board members.
- **District of Columbia** – Currently updating regulations, transitioned to a new licensing platform, and ongoing renewals of licenses – 12/31/2018 is when licenses will expire.
- **IL DFPR** – Getting ready to update the CPA Rules at this time.
- **KS** – Budget.
- **MD** – Notification to state legislature on license denials applicable to actions that took place more than 5 years ago.
- **MS** – The Mississippi Board is in the process of updating Rules and Regulations to revise the definition of an exam window and other minor changes. The Rules changes must be reviewed and approved by the new Occupational Licensing Review Commission before becoming effective.
- **NC** – Joint Task Force with state CPA Association to review all CPE rules.
- **NE** – The Board is reviewing current CPE requirements to consider allowing for CPE reciprocity.
- **NV** – The Board continues to respond to the State's audit of regulatory Boards.
- **NY** – The impact of the AICPA revisions to the Peer Review Standards Chapter 3 have significantly impacted the PROC duties.
- **SC** – The Board's Administrator, Doris Cubitt, retired on October 2, 2018. LLR is currently considering candidates for the position. Also, we are requesting authorization to keep the Assistant Administrator/staff position that was created in anticipation of the Administrator's retirement. The Board currently has several on-going committee

projects, which include the Regulation/Legislative committee, Education Committee, Guidelines Ad Hoc Committee for Consistence of Sanctions, Inspections Ad Hoc Committee to set expectation of and processes for firm inspections. Board staff are working with NASBA's CPT to develop Ethics courses for licensee candidates, a triennial South Carolina-specific course for all licensees, and a disciplinary course which the Board would require sanctioned licensees to complete.

- **SD** – We have proposed legislation on the definition of attest and we also have a rules package with proposed changes to CPE and peer review.
 - **Virginia** – Working on database conversion.
 - **WV** – Two new members were appointed to the Board on September 4, 2018. One is a CPA and one is a public member.
 - **WY** – The Board's practice act is being modified for consideration by the Legislature during the 2019 session. A new Board member has also been appointed to replace one whose term of service expired.
- 5. Can NASBA be of any assistance to your Board at this time? If yes, please explain.**
- **AK** – Continue to work with Board on scholarship requests as necessary. Possibly charge more in annual dues and then fund both staff and board member attendance at meetings (this would allow AK participation).
 - **CA** – Yes. The California Board is requesting NASBA's assistance in future Mobility Stakeholder Group activities associated with on-going state-level determinations specific to states' substantial equivalency to enforcement best practices. Further, the California Board would like to explore the possibility of allowing California CPA Exam candidates to view their CPA Exam scores in the Gateway system.
 - **District of Columbia** – Yes. We would like more information on the CPE audit service.
 - **ME** – Yes. This was covered when Cathy Allen and Dan Dustin met with the Maine Board in September.
 - **MN** – Yes. We will be reaching out to talk about gaining access to the videos you have created.
 - **NE** – Dan Dustin and John Johnson attended a recent meeting of the Board and Pat Hartman attended the Board's Education Advisory Committee meeting. This is of great assistance to the Board!

- NY – Yes. NASBA can provide continued support to the SBOA/PROCs with the AICPA peer review issue.
 - **South Carolina** – Yes. We look forward to guidance from NASBA regarding cost-effective PROC function when multiple states use one Administering Entity to oversee the peer review process. We are also looking forward to the NASBA CPE Audit service being rolled out.
 - TN – Developing a PROC is still our biggest challenge.
 - UT – We are in need of education comparisons nationwide. Specifically, we have received applications from two candidates with undergrad degrees from institutions which do not carry the accepted accreditation, but then the masters' degree is from an accepted accreditation. As our Rule is written, this causes a deficiency of 120 hours of general education. Do other states allow for the education requirement to be met if the Masters' comes from an institution that is accredited by their Rule even if the undergrad degree doesn't? Or do they require all hours be from an accepted accreditation?
 - VA – Yes. Welcome our new Executive Director, Nancy Glynn.
 - VT – Continue to keep us apprised of issues affecting the accounting profession and providing the assistance necessary to deal with them.
 - WV – With the legislative season fast approaching, we could need help from NASBA.
6. **NASBA's Board of Directors would appreciate as much input on the above questions s possible. How were the responses shown above compiled? Please check all that apply.**
- **Input only from Board Chair:** DE, MD, MI, MN
 - **Input only from Executive Director:** AK, AL, AR, AZ, CO, DC, GA, LA, MN, MT, NE, WV
 - **Input only from Board Chair and Executive Director:** IL BOE, ME, MT, TN
 - **Input from all Board Members and Executive Director:** CA, GU, NC, SD, UT, WY
 - **Input from some Board Members and Executive Director:** KS, NV, RI, SC, A
 - **Input from all Board Members:**
 - **Input from some Board Members:**
 - **Other (please explain):** MS – Executive Director, Licensing Administrator and all Board Members; VT – Some Board Members and our Licensing Administrator.

November 1, 2018

TO: State Boards of Accountancy and other interested parties

RE: Change to Uniform Accountancy Act Model Rules

At the October 26, 2018 meeting of the National Association of State Boards of Accountancy's Board of Directors, on the recommendation of the Uniform Accountancy Act Committee, the following was approved for exposure for comment for a three-month period concluding on February 11, 2019.

The exposed rule is to prepare for continuous testing, which requires the elimination of testing windows currently necessary in the administration of the Uniform CPA Examination. As such change will take some time to accomplish, and Boards will be adopting this rule at different times, the language is constructed to clarify that this change will not go into effect until the state board and national examination systems are ready to support continuous testing.

Please consider the amended rule below and send your comments to:

Ed Barnicott – CBT Administration Committee Staff Liaison (ebarnicott@nasba.org)

and Louise Haberman – UAA Committee Staff Liaison (lhberman@nasba.org)

Current Version of Rule 5-7(a)(2)

~~(a) (2) Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.~~

Proposed Change to Rule 5-7(a)(2)

Rule 5-7 – Retake and granting of credit requirements.

(a) A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for a period of eighteen (18) months and be calculated from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.

(1) Candidates must pass all Test Sections of the examination within a rolling eighteen (18) month period, which begins on the date that the first Test Section(s) passed is taken.

(2)

(A) Subject to subsection 7(a)(2)(B), Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.

(B) If the Board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (A) will no longer be effective, and a Candidate can retake a Test Section once their grade for any previous attempt of that same Test Section has been released.

REGIONAL DIRECTORS' FOCUS QUESTIONS

To State Board Chairs/Presidents, Members and Executive Directors:

The input received from our Focus Questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. Please submit your Board's responses by Monday, January 7, 2019.

Board of Accountancy:

Email:

Name of person submitting form:

Phone:

Questions

1. (a) Does your Board specify what courses qualify for the 150 hour requirement beyond the basic requirements in the UAA Model Rules?

No. Yes.

Give details below.

(b) Has your Board been asked to provide more specificity and, if so, how did your Board respond? If yes, please explain below.

No. Yes.

2. (a) What process does your Board have for granting hardship exceptions for meeting CPE requirements?

(b) Approximately how frequently are these requested?

3. (a) Does your Board have the ability to influence the selection of Board members?

No. Yes.

(b) If yes, what have you done to increase the diversity of the membership of your Board?

4. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?

5. Can NASBA be of any assistance to your Board at this time?

Yes. Please explain below. No.

6. NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- Input only from Board Chair. Input only from Executive Director. Input only from Board Chair and Executive Director. Input from all Board Members and Executive Director. Input from some Board Members and Executive Director. Input from all Board Members. Input from some Board Members. Other (please explain).

If other, please describe below: