

Meeting Agenda
SOUTH DAKOTA BOARD OF ACCOUNTANCY
 Conference Call
 Call in Number 1-844-833-2684 Access Code 0327772#
 March 24, 2020
 8:30 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 January 22, 2020.....	2-3
E. A-Approval of Certificates & Firm Permits.....	4-5
F. A-Approval of Financial Statements through February 2020.....	6-23
G. A-Report to Board on NASBA Regional Meetings.....	24-27
H. D-Executive Director's Report.....	28

AICPA

I. D- Board of Examiners Meeting Highlights January 29, 2020.....	29-32
J. D-Maintaining the Relevance of the Uniform CPA Exam Exposure Draft.....	33-70

NASBA

K. D-Board of Directors Meeting Minutes October 25 & 29, 2019.....	71-79
L. D-Board of Directors Meeting Highlights January 17, 2020.....	80-81
M. D-Quarterly Focus Question Executive Summary and Responses..	82-91
N. A-Quarterly Focus Questions.....	92

EXECUTIVE SESSION

O. Equivalent Reviews and Follow-ups 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
January 22, 2020 8:30 a.m. CT

Vice-Chair Jeff Strand called the meeting to order at 8:30 a.m. Nicole Kasin called the roll. A quorum was present.

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

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

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

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

Jeff Smith made a motion to approve the December 11, 2019 meeting minutes. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-excused)

David Pummel made a motion to approve the issuance of certificates through January 15, 2020. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-excused)

Marty Guindon made a motion to approve the financial statements through December 2019. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-excused)

The Board reviewed the report on the CPA exam grades for the 63rd Window.

Marty Guindon made a motion to ratify the CPA exam scores for the 63rd window through December 2019. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-excused)

Executive Director Kasin discussed her report on the CPE audits, a recent email sent to active CPAs regarding CPE rule changes, and an update on the Board AUP.

Jeff Strand made a motion to enter executive session for the deliberative process for peer reviews, follow-ups, and consent agreements. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)


The Board came out of executive session.

Jeff Strand made a motion to accept the peer reviews, follow-ups, and consent agreements as discussed in executive session. Jeff Smith seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

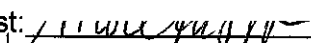
FUTURE MEETING DATES (all times CT)
March 24, 2020 – 8:30 a.m. conference call

Marty Guindon 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; Smith-yea; Strand-yea; Budahl-yea)

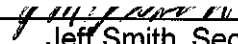
All business having come before the board was concluded and Chair Deidre Budahl adjourned the meeting at 8:56 a.m.



Deidre Budahl, CPA, Chair

Attest: 

Nicole Kasin, Executive Director



Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through March 14, 2020

Number	Name	Date Issued	Location
3464	Bradford Leland Fishback	1/29/20	Henderson, NV
3465	Jonathan Francis Schwab	1/31/20	Aberdeen, SD
3466	Matthew James Hylland	2/05/20	Sioux Falls, SD
3467	Kelcee N. Knoepfle	2/19/20	Whitewood, SD
3468	Michael Joseph Gullotta	2/20/20	Little Rock, AR
3469	Brett Loren Page	2/24/20	Sioux Falls, SD

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

**Issued Through
March 14, 2020**

Number	Name	Date Issued	Basis/Comments
1741	Ledger Accounting, Prof. LLC Sioux Falls, SD	01/02/20	New Firm
1742	Circle CPA Corporation Watertown, SD	01/29/20	New Firm
1743	Tanner LLC Salt Lake City, UT	02/13/20	New Firm

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STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 02/29/2020

AGENCY: 10 LABOR & REGULATION
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	411,821.08	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			411,821.08	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			411,821.08	DR **	
BUDGET UNIT TOTAL 1031			411,821.08	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 02/29/2020

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL # / OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503 PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX200212	02/14/2020					2,587.57	DR
6503	103100061802	51010100	CGEX200226	02/28/2020					2,521.75	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX200212	02/14/2020					5,109.32	DR *
6503	103100061802	51010200	CGEX200226	02/28/2020					1,646.31	DR
OBJSUB: 5101010 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51020100	CGEX200212	02/14/2020					1,410.33	DR
6503	103100061802	51020100	CGEX200226	02/28/2020					3,056.64	DR *
OBJSUB: 5101020 EMPLOYEE SALARIES										
6503	103100061802	51020100	CGEX200212	02/14/2020					8,165.96	DR **
6503	103100061802	51020100	CGEX200226	02/28/2020					287.81	DR
OBJSUB: 5102010 CASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX200212	02/14/2020					552.76	DR *
6503	103100061802	51020200	CGEX200226	02/28/2020					232.27	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX200212	02/14/2020					217.85	DR
6503	103100061802	51020600	CGEX200226	02/28/2020					450.12	DR *
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX200212	02/14/2020					855.91	DR
6503	103100061802	51020800	CGEX200226	02/28/2020					847.43	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX200212	02/14/2020					10.61	DR *
6503	103100061802	51020900	CGEX200226	02/28/2020					1.86	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	103100061802	51020900	CGEX200212	02/14/2020					1.73	DR
6503	103100061802	51020900	CGEX200226	02/28/2020					3.59	DR *
OBJSUB: 5102090 EMPLOYEE BENEFITS										
6503	103100061802	52040500	20-1000-61A 8919	02/14/2020	00635638	GLSOLUTION	12290765		2,720.42	DR **
6503	103100061802	52040500	20-1000-61A 8926	02/14/2020	00635638	GLSOLUTION	12290765		10,886.38	DR ***
OBJSUB: 51 PERSONAL SERVICES										
6503	103100061802	52040500	ORDER-11314	02/26/2020	00636886	NATLASSNST	12005047		5,439.17	DR
6503	103100061802	52040500	ORDER-11318	02/26/2020	00636886	NATLASSNST	12005047		1,875.00	DR
OBJSUB: 5204050 COMPUTER CONSULTANT										
6503	103100061802	52041600	DP001096	02/28/2020					7,314.17	DR *
6503	103100061802	52041600	DP001096	02/28/2020					695.00	DR
OBJSUB: 5204160 WORKSHOP REGISTRATION FEE										
6503	103100061802	52042000	FM012071	02/12/2020					1,390.00	DR *
6503	103100061802	52042000	PL001059	02/28/2020					469.80	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE										
6503	103100061802	52042000	FM012071	02/12/2020					469.80	DR *
6503	103100061802	52042000	PL001059	02/28/2020					1,002.16	DR
OBJSUB: 5204200 CENTRAL SERVICES										
6503	103100061802	52042000	PL001059	02/28/2020					429.78	DR
OBJSUB: 5204200 CENTRAL SERVICES										
6503	103100061802	52042000	PL001059	02/28/2020					1,431.94	DR *

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 02/29/2020

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL # / OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	52042200	IN698195	02/19/2020	02329058	ABBUSINESS	12036980		83.03	DR
6503	103100061802	52042300	20106 JUL-JUN 20	02/26/2020	117926	SUNSETOFFI	12043890		139.67	DR
6503	103100061802	52042300	JANITORIAL & MAINT SERV	02/12/2020	142642	MCGINNISRO	12074040		139.67	DR
6503	103100061802	52044900	ACCOUNTRENT19-20	02/12/2020					1,380.75	DR
6503	103100061802	52045300	RENTS-PRIVATE OWNED PROP.	02/12/2020					1,380.75	DR
6503	103100061802	52045300	TL001152	02/12/2020					120.20	DR
6503	103100061802	52045300	TELECOMMUNICATIONS SVCS	02/05/2020	02327186	XCELENERGY	12023853		120.20	DR
6503	103100061802	52045400	5159417006 0120	02/05/2020					89.86	DR
6503	103100061802	52047400	ELECTRICITY	02/26/2020	240452				90.63	DR
6503	103100061802	52047400	CI100A-023	02/26/2020					302.75	DR
6503	103100061802	52049600	BANK FEES AND CHARGES	02/14/2020	00636228	NATLASSNST	12005047		3,955.74	DR
6503	103100061802	52049600	N290-120	02/21/2020					4,258.49	DR
6503	103100061802	52049600	326	02/21/2020					16,768.54	DR
6503	103100061802	52053200	OTHER CONTRACTUAL SERVICE	02/26/2020	00637473	PREFERREDP	12308425		24.15	DR
6503	103100061802	52053200	CONTRACTUAL SERVICES	02/26/2020					24.15	DR
6503	103100061802	52280000	PRINTING-COMMERCIAL	02/05/2020					863.23	DR
6503	103100061802	52280000	SUPPLIES & MATERIALS	02/05/2020					24.15	DR
6503	103100061802	52280000	TL00-116	02/05/2020					863.23	DR
6503	103100061802	52280000	OPER TRANS OUT -NON BUDGT						17,655.92	DR
6503	103100061802	52280000	NONOP EXP/NONBGTD OP TR						28,542.30	DR
6503	103100061802	52280000	OPERATING EXPENSES						28,542.30	DR
6503	103100061802	52280000	COMP: 6503						28,542.30	DR
6503	103100061802	52280000	CNTR: 103100061802						28,542.30	DR
6503	103100061802	52280000	B. UNIT: 1031						28,542.30	DR

South Dakota Board of Accountancy
Balance Sheet
As of February 29, 2020

	Feb 29, 20
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	384.53
1140000 · Pool Cash State of SD	411,821.08
Total Checking/Savings	412,205.61
Other Current Assets	
1131000 · Interest Income Receivable	18,765.30
1213000 · Investment Income Receivable	2,557.09
Total Other Current Assets	21,322.39
Total Current Assets	433,528.00
Fixed Assets	
1670000 · Computer Software	
Original Cost	34,075.00
1770000 · Depreciation	-10,412.00
Total 1670000 · Computer Software	23,663.00
Total Fixed Assets	23,663.00
TOTAL ASSETS	457,191.00
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	4,140.96
Total Accounts Payable	4,140.96
Other Current Liabilities	
2430000 · Accrued Wages Payable	9,046.39
2810000 · Amounts Held for Others	16,610.27
Total Other Current Liabilities	25,656.66
Total Current Liabilities	29,797.62
Long Term Liabilities	
2960000 · Compensated Absences Payable	25,918.05
Total Long Term Liabilities	25,918.05
Total Liabilities	55,715.67
Equity	
3220000 · Net Position	294,161.74
3300100 · Invested in Capital Assets	23,663.28
3900 · Retained Earnings	24,442.67
Net Income	59,207.64
Total Equity	401,475.33
TOTAL LIABILITIES & EQUITY	457,191.00

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2019 through February 2020

	<u>Jul '19 - Feb 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	4,610.00	2,500.00	2,110.00	184.4%
4293551 · Certificate Renewals-Active	62,940.00	62,500.00	440.00	100.7%
4293552 · Certificate Renewals-Inactive				
5208014 · REFUNDS	-40.00			
4293552 · Certificate Renewals-Inactive - Other	19,750.00	21,000.00	-1,250.00	94.0%
Total 4293552 · Certificate Renewals-Inactive	19,710.00	21,000.00	-1,290.00	93.9%
4293553 · Certificate Renewals-Retired	1,240.00	1,400.00	-160.00	88.6%
4293554 · Initial Firm Permits	450.00	700.00	-250.00	64.3%
4293555 · Firm Permit Renewals	11,050.00	14,500.00	-3,450.00	76.2%
4293557 · Initial Audit	150.00	900.00	-750.00	16.7%
4293558 · Re-Exam Audit	1,290.00	2,460.00	-1,170.00	52.4%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals				
5208006 · REFUNDS	-100.00			
4293561 · Late Fees-Certificate Renewals - Other	2,850.00	3,000.00	-150.00	95.0%
Total 4293561 · Late Fees-Certificate Renewals	2,750.00	3,000.00	-250.00	91.7%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	300.00	500.00	-200.00	60.0%
4293564 · Late Fees-Peer Review	450.00	1,300.00	-850.00	34.6%
4293566 · Firm Permit Owners	114,265.00	109,000.00	5,265.00	104.8%
4293567 · Peer Review Admin Fee	75.00	5,500.00	-5,425.00	1.4%
4293568 · Firm Permit Name Change	125.00	100.00	25.00	125.0%
4293569 · Initial FAR	330.00	1,140.00	-810.00	28.9%
4293570 · Initial REG	270.00	660.00	-390.00	40.9%
4293571 · Initial BEC	180.00	930.00	-750.00	19.4%
4293572 · Re-Exam FAR	990.00	1,860.00	-870.00	53.2%
4293573 · Re-Exam REG	1,230.00	2,310.00	-1,080.00	53.2%
4293574 · Re-Exam BEC	1,050.00	2,310.00	-1,260.00	45.5%
4491000 · Interest and Dividend Revenue	9,932.08	5,000.00	4,932.08	198.6%
4896021 · Legal Recovery Cost	600.00	1,000.00	-400.00	60.0%
4950000 · Prior Period Refund Account	0.00	0.00	0.00	0.0%
Total Income	234,037.08	240,570.00	-6,532.92	97.3%
Gross Profit	234,037.08	240,570.00	-6,532.92	97.3%
Expense				
5101010 · F-T Emp Sal & Wages	45,362.17	82,258.00	-36,895.83	55.1%
5101020 · P-T/Temp Emp Sal & Wages	25,686.49	43,000.00	-17,313.51	59.7%
5101030 · Board & Comm Mbrs Fees	3,720.00	4,739.00	-1,019.00	78.5%
5102010 · OASI-Employer's Share	5,102.85	9,582.00	-4,479.15	53.3%
5102020 · Retirement-ER Share	4,031.41	7,515.00	-3,483.59	53.6%
5102060 · Health /Life Ins.-ER Share	14,703.42	8,470.00	6,233.42	173.6%
5102080 · Worker's Compensation	92.36	213.00	-120.64	43.4%
5102090 · Unemployment Insurance	31.24	125.00	-93.76	25.0%
5203010 · Auto--State Owned	47.79	400.00	-352.21	11.9%
5203020 · Auto-Private-Ownes Low Mileage	104.42	400.00	-295.58	26.1%
5203030 · In State-Auto- Priv. High Miles	749.28	1,500.00	-750.72	50.0%
5203100 · In State-Lodging	338.00	1,000.00	-662.00	33.8%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	138.00	400.00	-262.00	34.5%
5203220 · OS-Auto Private Low Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	3,017.53	6,500.00	-3,482.47	46.4%
5203280 · OS-Other Public Carrier	147.56	700.00	-552.44	21.1%
5203300 · OS-Lodging	4,109.43	9,000.00	-4,890.57	45.7%
5203320 · OS-Incidentals to Travel	274.00	500.00	-226.00	54.8%
5203350 · OS-Non-Taxable Meals Overnight	416.00	1,000.00	-584.00	41.6%
5204010 · Subscriptions	363.83	1,000.00	-636.17	36.4%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	5,200.00	7,300.00	-2,100.00	71.2%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2019 through February 2020

	Jul '19 - Feb 20	Budget	\$ Over Budget	% of Budget
5204050 · Consultant Fees - Computer	11,064.17	15,000.00	-3,935.83	73.8%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	4,396.44	6,500.00	-2,103.56	67.6%
5204180 · Computer Services-State	3,278.55	5,000.00	-1,721.45	65.6%
5204181 · Computer Development Serv-State	274.51	2,000.00	-1,725.49	13.7%
5204200 · Central Services	5,701.38	9,000.00	-3,298.62	63.3%
5204220 · Equipment Service & Maintenance	46.48	300.00	-253.52	15.5%
5204230 · Janitorial/Maintenance Services	1,117.34	1,700.00	-582.66	65.7%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%
5204460 · Equipment Rental	2,441.00	4,000.00	-1,559.00	61.0%
5204490 · Rents Privately Owned Property	12,426.75	16,235.10	-3,808.35	76.5%
5204510 · Rent-Other	0.00	500.00	-500.00	0.0%
5204530 · Telecommunications Services	1,366.16	4,500.00	-3,133.84	30.4%
5204540 · Electricity	679.20	865.00	-185.80	78.5%
5204560 · Water	89.40	240.00	-150.60	37.3%
5204590 · Insurance Premiums/Surety Bonds	50.00	1,710.00	-1,660.00	2.9%
5204740 · Bank Fees and Charges	4,818.81	6,500.00	-1,681.19	74.1%
5204960 · Other Contractual Services	883.43	24,000.00	-23,116.57	3.7%
5205020 · Office Supplies	458.76	3,000.00	-2,541.24	15.3%
5205028 · OFFICE SUPPLIES-2	6.58	0.00	6.58	100.0%
5205310 · Printing State	0.00	250.00	-250.00	0.0%
5205320 · Printing/Duplicating/Binding Co	106.95	1,000.00	-893.05	10.7%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	0.00	2,000.00	-2,000.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	653.40	6,800.00	-6,146.60	9.6%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	4,348.27	6,000.00	-1,651.73	72.5%
5228030 · Depreciation Expense	3,786.08	5,679.12	-1,893.04	66.7%
Total Expense	174,829.44	318,781.22	-143,951.78	54.8%
Net Ordinary Income	59,207.64	-78,211.22	137,418.86	-75.7%
Net Income	59,207.64	-78,211.22	137,418.86	-75.7%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
February 2020

	Feb 20	Feb 19	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	125.00	175.00	-50.00	-28.6%
4293551 · Certificate Renewals-Active	0.00	40.00	-40.00	-100.0%
4293554 · Initial Firm Permits	100.00	50.00	50.00	100.0%
4293555 · Firm Permit Renewals	0.00	100.00	-100.00	-100.0%
4293557 · Initial Audit	30.00	60.00	-30.00	-50.0%
4293558 · Re-Exam Audit	0.00	270.00	-270.00	-100.0%
4293563 · Late Fees-Firm Permit Renewals	0.00	100.00	-100.00	-100.0%
4293564 · Late Fees-Peer Review	0.00	100.00	-100.00	-100.0%
4293566 · Firm Permit Owners	1,065.00	390.00	675.00	173.1%
4293567 · Peer Review Admin Fee	0.00	75.00	-75.00	-100.0%
4293569 · Initial FAR	0.00	120.00	-120.00	-100.0%
4293570 · Initial REG	30.00	120.00	-90.00	-75.0%
4293571 · Initial BEC	0.00	90.00	-90.00	-100.0%
4293572 · Re-Exam FAR	60.00	150.00	-90.00	-60.0%
4293573 · Re-Exam REG	0.00	90.00	-90.00	-100.0%
4293574 · Re-Exam BEC	0.00	120.00	-120.00	-100.0%
4896021 · Legal Recovery Cost	250.00	1,000.00	-750.00	-75.0%
Total Income	1,660.00	3,050.00	-1,390.00	-45.6%
Gross Profit	1,660.00	3,050.00	-1,390.00	-45.6%
Expense				
5101010 · F-T Emp Sal & Wages	5,109.32	5,353.94	-244.62	-4.6%
5101020 · P-T/Temp Emp Sal & Wages	3,056.64	3,610.92	-554.28	-15.4%
5102010 · OASI-Employer's Share	552.76	620.01	-67.25	-10.9%
5102020 · Retirement-ER Share	450.12	491.13	-41.01	-8.4%
5102060 · Health /Life Ins.-ER Share	1,703.34	1,476.77	226.57	15.3%
5102080 · Worker's Compensation	10.61	18.81	-8.20	-43.6%
5102090 · Unemployment Insurance	3.59	1.97	1.62	82.2%
5203020 · Auto-Private-Ownes Low Mileage	0.00	103.96	-103.96	-100.0%
5203100 · In State-Lodging	0.00	57.00	-57.00	-100.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	32.00	-32.00	-100.0%
5204050 · Consultant Fees - Computer	5,439.17	0.00	5,439.17	100.0%
5204160 · Workshop Registration Fees	1,390.00	1,390.00	0.00	0.0%
5204200 · Central Services	1,431.94	1,122.46	309.48	27.6%
5204220 · Equipment Service & Maintenance	4.03	1.58	2.45	155.1%
5204230 · Janitorial/Maintenance Services	139.67	136.93	2.74	2.0%
5204460 · Equipment Rental	682.00	682.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,380.75	1,380.75	0.00	0.0%
5204530 · Telecommunications Services	0.00	416.36	-416.36	-100.0%
5204540 · Electricity	100.40	100.09	0.31	0.3%
5204590 · Insurance Premiums/Surety Bonds	50.00	0.00	50.00	100.0%
5204740 · Bank Fees and Charges	90.63	64.64	25.99	40.2%
5205020 · Office Supplies	0.00	91.08	-91.08	-100.0%
5207960 · Computer Software Expense	0.00	16.60	-16.60	-100.0%
5228000 · Operating Transfers Out-NonBudg	863.23	607.55	255.68	42.1%
5228030 · Depreciation Expense	473.26	473.26	0.00	0.0%
Total Expense	22,931.46	18,249.81	4,681.65	25.7%
Net Ordinary Income	-21,271.46	-15,199.81	-6,071.65	-40.0%
Net Income	-21,271.46	-15,199.81	-6,071.65	-40.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2019 through February 2020

	Jul '19 - Feb 20	Jul '18 - Feb 19	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	4,610.00	2,075.00	2,535.00	122.2%
4293551 · Certificate Renewals-Active	62,940.00	63,040.00	-100.00	-0.2%
4293552 · Certificate Renewals-Inactive	19,710.00	20,300.00	-590.00	-2.9%
4293553 · Certificate Renewals-Retired	1,240.00	1,300.00	-60.00	-4.6%
4293554 · Initial Firm Permits	450.00	750.00	-300.00	-40.0%
4293555 · Firm Permit Renewals	11,050.00	13,950.00	-2,900.00	-20.8%
4293557 · Initial Audit	150.00	360.00	-210.00	-58.3%
4293558 · Re-Exam Audit	1,290.00	1,410.00	-120.00	-8.5%
4293560 · Late Fees-Initial Certificate	50.00	50.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,750.00	3,000.00	-250.00	-8.3%
4293563 · Late Fees-Firm Permit Renewals	300.00	950.00	-650.00	-68.4%
4293564 · Late Fees-Peer Review	450.00	650.00	-200.00	-30.8%
4293566 · Firm Permit Owners	114,265.00	110,325.00	3,940.00	3.6%
4293567 · Peer Review Admin Fee	75.00	750.00	-675.00	-90.0%
4293568 · Firm Permit Name Change	125.00	75.00	50.00	66.7%
4293569 · Initial FAR	330.00	780.00	-450.00	-57.7%
4293570 · Initial REG	270.00	510.00	-240.00	-47.1%
4293571 · Initial BEC	180.00	270.00	-90.00	-33.3%
4293572 · Re-Exam FAR	990.00	1,380.00	-390.00	-28.3%
4293573 · Re-Exam REG	1,230.00	1,440.00	-210.00	-14.6%
4293574 · Re-Exam BEC	1,050.00	1,440.00	-390.00	-27.1%
4491000 · Interest and Dividend Revenue	9,932.08	5,660.71	4,271.37	75.5%
4896021 · Legal Recovery Cost	600.00	1,250.00	-650.00	-52.0%
Total Income	234,037.08	231,715.71	2,321.37	1.0%
Gross Profit	234,037.08	231,715.71	2,321.37	1.0%
Expense				
5101010 · F-T Emp Sal & Wages	45,362.17	42,081.78	3,280.39	7.8%
5101020 · P-T/Temp Emp Sal & Wages	25,686.49	23,984.45	1,702.04	7.1%
5101030 · Board & Comm Mbrs Fees	3,720.00	3,060.00	660.00	21.6%
5102010 · OASI-Employer's Share	5,102.85	4,766.82	336.03	7.1%
5102020 · Retirement-ER Share	4,031.41	3,850.54	180.87	4.7%
5102060 · Health /Life Ins.-ER Share	14,703.42	11,934.43	2,768.99	23.2%
5102080 · Worker's Compensation	92.36	122.87	-30.51	-24.8%
5102090 · Unemployment Insurance	31.24	18.49	12.75	69.0%
5203010 · Auto--State Owned	47.79	61.59	-13.80	-22.4%
5203020 · Auto-Private-Ownes Low Mileage	104.42	338.56	-234.14	-69.2%
5203030 · In State-Auto- Priv. High Miles	749.28	906.36	-157.08	-17.3%
5203100 · In State-Lodging	338.00	294.00	44.00	15.0%
5203120 · In State-Incidentals to Travel	0.00	10.00	-10.00	-100.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	59.00	-59.00	-100.0%
5203150 · InState-Non-Tax Meals OverNight	138.00	180.00	-42.00	-23.3%
5203230 · OS-Auto Private High Mileage	0.00	61.32	-61.32	-100.0%
5203260 · OS-Air Commercial Carrier	3,017.53	4,654.34	-1,636.81	-35.2%
5203280 · OS-Other Public Carrier	147.56	958.70	-811.14	-84.6%
5203300 · OS-Lodging	4,109.43	5,520.19	-1,410.76	-25.6%
5203320 · OS-Incidentals to Travel	274.00	236.00	38.00	16.1%
5203350 · OS-Non-Taxable Meals Overnight	416.00	612.00	-196.00	-32.0%
5204010 · Subscriptions	363.83	46.08	317.75	689.6%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	5,200.00	0.00	5,200.00	100.0%
5204050 · Consultant Fees - Computer	11,064.17	18,799.90	-7,735.73	-41.2%
5204160 · Workshop Registration Fees	4,396.44	4,170.00	226.44	5.4%
5204180 · Computer Services-State	3,278.55	1,068.10	2,210.45	207.0%
5204181 · Computer Development Serv-State	274.51	426.00	-151.49	-35.6%
5204200 · Central Services	5,701.38	5,330.27	371.11	7.0%
5204220 · Equipment Service & Maintenance	46.48	22.41	24.07	107.4%
5204230 · Janitorial/Maintenance Services	1,117.34	1,095.44	21.90	2.0%
5204340 · Computer Software Maintenance	0.00	405.60	-405.60	-100.0%
5204360 · Advertising-Newspapers	0.00	306.49	-306.49	-100.0%
5204460 · Equipment Rental	2,441.00	2,285.60	155.40	6.8%
5204490 · Rents Privately Owned Property	12,426.75	9,442.65	2,984.10	31.6%
5204530 · Telecommunications Services	1,366.16	3,186.91	-1,820.75	-57.1%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2019 through February 2020

	<u>Jul '19 - Feb 20</u>	<u>Jul '18 - Feb 19</u>	<u>\$ Change</u>	<u>% Change</u>
5204540 · Electricity	679.20	633.85	45.35	7.2%
5204560 · Water	89.40	67.05	22.35	33.3%
5204590 · Insurance Premiums/Surety Bonds	50.00	0.00	50.00	100.0%
5204740 · Bank Fees and Charges	4,818.81	4,477.31	341.50	7.6%
5204960 · Other Contractual Services	883.43	391.50	491.93	125.7%
5205020 · Office Supplies	458.76	25,205.02	-24,746.26	-98.2%
5205028 · OFFICE SUPPLIES-2	6.58	0.00	6.58	100.0%
5205320 · Printing/Duplicating/Binding Co	106.95	175.95	-69.00	-39.2%
5205330 · Supplemental Publications	0.00	486.25	-486.25	-100.0%
5205350 · Postage	0.00	1,023.52	-1,023.52	-100.0%
5207490 · Telephone Equipment	0.00	1,599.60	-1,599.60	-100.0%
5207900 · Computer Hardware	653.40	1,153.02	-499.62	-43.3%
5207960 · Computer Software Expense	0.00	281.64	-281.64	-100.0%
5228000 · Operating Transfers Out-NonBudg	4,348.27	4,605.51	-257.24	-5.6%
5228030 · Depreciation Expense	3,786.08	3,786.08	0.00	0.0%
Total Expense	<u>174,829.44</u>	<u>197,383.19</u>	<u>-22,553.75</u>	<u>-11.4%</u>
Net Ordinary Income	<u>59,207.64</u>	<u>34,332.52</u>	<u>24,875.12</u>	<u>72.5%</u>
Net Income	<u><u>59,207.64</u></u>	<u><u>34,332.52</u></u>	<u><u>24,875.12</u></u>	<u><u>72.5%</u></u>

AGENCY: 10 LABOR & REGULATION
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	438,723.14	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			438,723.14	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			438,723.14	DR **	
BUDGET UNIT TOTAL 1031			438,723.14	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 01/31/2020

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503 PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX191230	01/03/2020					2,577.26	DR
6503	103100061802	51010100	CGEX200113	01/17/2020					2,523.23	DR
6503	103100061802	51010100	CGEX200128	01/31/2020					2,512.03	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX191230	01/03/2020					7,612.52	DR *
6503	103100061802	51010200	CGEX200113	01/17/2020					1,778.69	DR
6503	103100061802	51010200	CGEX200128	01/31/2020					1,734.14	DR
6503	103100061802	51010200	CGEX200128	01/31/2020					1,551.63	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX191230	01/03/2020					5,064.46	DR *
6503	103100061802	51010300	CGEX200128	01/31/2020					300.00	DR
6503	103100061802	51010300	CGEX200128	01/31/2020					300.00	DR
OBJSUB: 5101030 BOARD & COMM MERS FEES										
OBJECT: 5101 EMPLOYEE SALARIES										
6503	103100061802	51020100	CGEX191230	01/03/2020					13,276.98	DR **
6503	103100061802	51020100	CGEX200113	01/17/2020					320.15	DR
6503	103100061802	51020100	CGEX200113	01/17/2020					289.85	DR
6503	103100061802	51020100	CGEX200128	01/31/2020					298.01	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX191230	01/03/2020					908.01	DR *
6503	103100061802	51020200	CGEX200113	01/17/2020					229.30	DR
6503	103100061802	51020200	CGEX200113	01/17/2020					228.93	DR
6503	103100061802	51020200	CGEX200128	01/31/2020					225.30	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX191230	01/03/2020					683.53	DR *
6503	103100061802	51020600	CGEX200113	01/17/2020					854.61	DR
6503	103100061802	51020600	CGEX200128	01/31/2020					847.62	DR
6503	103100061802	51020600	CGEX200128	01/31/2020					846.16	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX191230	01/03/2020					2,548.39	DR *
6503	103100061802	51020800	CGEX200113	01/17/2020					5.64	DR
6503	103100061802	51020800	CGEX200128	01/31/2020					5.54	DR
6503	103100061802	51020800	CGEX200128	01/31/2020					5.30	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX191230	01/03/2020					16.48	DR *
6503	103100061802	51020900	CGEX200113	01/17/2020					1.89	DR
6503	103100061802	51020900	CGEX200113	01/17/2020					1.85	DR
6503	103100061802	51020900	CGEX200128	01/31/2020					1.78	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
OBJECT: 5102 EMPLOYEE BENEFITS										
GROUP: 51 PERSONAL SERVICES										
6503	103100061802	52040400	20-1000-014	1219	01/22/2020	00629637	SDKCPAS	12607934	4,161.93	DR **
6503	103100061802	52040400	20-1000-014	1219	01/22/2020	00629637	SDKCPAS	12607934	17,438.91	DR ***
6503	103100061802	52041800	ACCOUNTING CONSULTANT		01/24/2020				5,200.00	DR *
6503	103100061802	52041800	DP012096		01/24/2020				466.45	DR *

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 01/31/2020

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	1031000061802	5204180	COMPUTER SERVICES-STAVE PL012055	01/24/2020					466.45	DR *
6503	1031000061802	5204200	RM012046	01/15/2020					96.80	DR
6503	1031000061802	5204200	CENTRAL SERVICES 20106 JUL-JUN 20	01/29/2020	117926	SUNSETOFFI	12043890		165.83	DR *
6503	1031000061802	5204230	JANITORIAL & MAINT SERV ACCOUNTRENT19-20	01/15/2020	142642	MCGINNISRO	12074040		139.67	DR *
6503	1031000061802	5204490	RENTS-PRIVATE OWNED PROP. TL012152	01/15/2020					1,380.75	DR *
6503	1031000061802	5204530	TL012152	01/15/2020					109.04	DR
6503	1031000061802	5204530	TL012152	01/15/2020					109.04	DR
6503	1031000061802	5204530	8381416X12242019	01/08/2020	00024654	ATTMOBILIT	12279233		51.12	DR
6503	1031000061802	5204530	8681416X01242020	01/31/2020	00025431	ATTMOBILIT	12279233		50.85	DR
6503	1031000061802	5204540	TELECOMMUNICATIONS SRVCS 51594117006 1219	01/08/2020	02322942	XCELENERGY	12023853		211.01	DR *
6503	1031000061802	5204740	ELECTRICITY CI100A-021	01/31/2020	238721				92.47	DR *
6503	1031000061802	5204960	BANK FEES AND CHARGES 312	01/10/2020	00626943	NATLASSNST	12005047		95.51	DR *
6503	1031000061802	5204960	OTHER CONTRACTUAL SERVICE CONTRACTUAL SERVICES	01/10/2020	02323485	ABBUSINESS	12036980		7,042.30	DR *
6503	1031000061802	52050280	0448120	01/08/2020	00626602	HPINC	12125515		14,793.99	DR **
6503	1031000061802	52050280	0448934	01/29/2020	00631503	HPINC	12125515		83.18	DR
6503	1031000061802	52050280	68332 DEC19	01/22/2020	00629132	ECOWATER	12035896		.02	DR
6503	1031000061802	5205320	OFFICE SUPPLIES 26581	01/08/2020	00626707	PREFERREDP	12308425		11.14	DR
6503	1031000061802	5228000	PRINTING-COMMERCIAL SUPPLIES & MATERIALS T100-098	01/08/2020					22.35	DR
OBJSUB:	5228000		OPER TRANS OUT -NON BUDGT						105.69	DR *
OBJECT:	5228		NONOP EXP/NONBGTD OP TR						24.15	DR *
GROUP:	52		OPERATING EXPENSES						129.84	DR **
COMP:	6503								278.18	DR **
CNTR:	1031000061802								15,202.01	DR ***
B. UNIT:	1031								32,640.92	DR ****
									32,640.92	DR *****

South Dakota Board of Accountancy
Balance Sheet
As of January 31, 2020

	Jan 31, 20
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	384.53
1140000 · Pool Cash State of SD	438,723.14
Total Checking/Savings	439,107.67
Other Current Assets	
1131000 · Interest Income Receivable	18,765.30
1213000 · Investment Income Receivable	2,557.09
Total Other Current Assets	21,322.39
Total Current Assets	460,430.06
Fixed Assets	
1670000 · Computer Software	
Original Cost	34,075.00
1770000 · Depreciation	-9,938.74
Total 1670000 · Computer Software	24,136.26
Total Fixed Assets	24,136.26
TOTAL ASSETS	484,566.32
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	6,285.46
Total Accounts Payable	6,285.46
Other Current Liabilities	
2430000 · Accrued Wages Payable	9,046.39
2810000 · Amounts Held for Others	19,750.58
Total Other Current Liabilities	28,796.97
Total Current Liabilities	35,082.43
Long Term Liabilities	
2960000 · Compensated Absences Payable	25,918.05
Total Long Term Liabilities	25,918.05
Total Liabilities	61,000.48
Equity	
3220000 · Net Position	293,688.48
3300100 · Invested in Capital Assets	24,136.54
3900 · Retained Earnings	24,442.67
Net Income	81,298.15
Total Equity	423,565.84
TOTAL LIABILITIES & EQUITY	484,566.32

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2019 through January 2020

	Jul '19 - Jan 20	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	4,485.00	2,500.00	1,985.00	179.4%
4293551 · Certificate Renewals-Active	62,940.00	62,500.00	440.00	100.7%
4293552 · Certificate Renewals-Inactive				
5208014 · REFUNDS	-40.00			
4293552 · Certificate Renewals-Inactive - Other	19,750.00	21,000.00	-1,250.00	94.0%
Total 4293552 · Certificate Renewals-Inactive	19,710.00	21,000.00	-1,290.00	93.9%
4293553 · Certificate Renewals-Retired	1,240.00	1,400.00	-160.00	88.6%
4293554 · Initial Firm Permits	350.00	700.00	-350.00	50.0%
4293555 · Firm Permit Renewals	11,050.00	14,500.00	-3,450.00	76.2%
4293557 · Initial Audit	120.00	900.00	-780.00	13.3%
4293558 · Re-Exam Audit	1,290.00	2,460.00	-1,170.00	52.4%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals				
5208006 · REFUNDS	-100.00			
4293561 · Late Fees-Certificate Renewals - Other	2,850.00	3,000.00	-150.00	95.0%
Total 4293561 · Late Fees-Certificate Renewals	2,750.00	3,000.00	-250.00	91.7%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	300.00	500.00	-200.00	60.0%
4293564 · Late Fees-Peer Review	450.00	1,300.00	-850.00	34.6%
4293566 · Firm Permit Owners	113,200.00	109,000.00	4,200.00	103.9%
4293567 · Peer Review Admin Fee	75.00	5,500.00	-5,425.00	1.4%
4293568 · Firm Permit Name Change	125.00	100.00	25.00	125.0%
4293569 · Initial FAR	330.00	1,140.00	-810.00	28.9%
4293570 · Initial REG	240.00	660.00	-420.00	36.4%
4293571 · Initial BEC	180.00	930.00	-750.00	19.4%
4293572 · Re-Exam FAR	930.00	1,860.00	-930.00	50.0%
4293573 · Re-Exam REG	1,230.00	2,310.00	-1,080.00	53.2%
4293574 · Re-Exam BEC	1,050.00	2,310.00	-1,260.00	45.5%
4491000 · Interest and Dividend Revenue	9,932.08	5,000.00	4,932.08	198.6%
4896021 · Legal Recovery Cost	350.00	1,000.00	-650.00	35.0%
4950000 · Prior Period Refund Account	0.00	0.00	0.00	0.0%
Total Income	232,377.08	240,570.00	-8,192.92	96.6%
Gross Profit	232,377.08	240,570.00	-8,192.92	96.6%
Expense				
5101010 · F-T Emp Sal & Wages	40,252.85	82,258.00	-42,005.15	48.9%
5101020 · P-T/Temp Emp Sal & Wages	22,629.85	43,000.00	-20,370.15	52.6%
5101030 · Board & Comm Mbrs Fees	3,720.00	4,739.00	-1,019.00	78.5%
5102010 · OASI-Employer's Share	4,550.09	9,582.00	-5,031.91	47.5%
5102020 · Retirement-ER Share	3,581.29	7,515.00	-3,933.71	47.7%
5102060 · Health /Life Ins.-ER Share	13,000.08	8,470.00	4,530.08	153.5%
5102080 · Worker's Compensation	81.75	213.00	-131.25	38.4%
5102090 · Unemployment Insurance	27.65	125.00	-97.35	22.1%
5203010 · Auto--State Owned	47.79	400.00	-352.21	11.9%
5203020 · Auto-Private-Ownes Low Mileage	104.42	400.00	-295.58	26.1%
5203030 · In State-Auto- Priv. High Miles	749.28	1,500.00	-750.72	50.0%
5203100 · In State-Lodging	338.00	1,000.00	-662.00	33.8%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	138.00	400.00	-262.00	34.5%
5203220 · OS-Auto Private Low Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	3,017.53	6,500.00	-3,482.47	46.4%
5203280 · OS-Other Public Carrier	147.56	700.00	-552.44	21.1%
5203300 · OS-Lodging	4,109.43	9,000.00	-4,890.57	45.7%
5203320 · OS-Incidentals to Travel	274.00	500.00	-226.00	54.8%
5203350 · OS-Non-Taxable Meals Overnight	416.00	1,000.00	-584.00	41.6%
5204010 · Subscriptions	363.83	1,000.00	-636.17	36.4%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	5,200.00	7,300.00	-2,100.00	71.2%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2019 through January 2020

	Jul '19 - Jan 20	Budget	\$ Over Budget	% of Budget
5204050 · Consultant Fees - Computer	5,625.00	15,000.00	-9,375.00	37.5%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	3,006.44	6,500.00	-3,493.56	46.3%
5204180 · Computer Services-State	2,808.75	5,000.00	-2,191.25	56.2%
5204181 · Computer Development Serv-State	274.51	2,000.00	-1,725.49	13.7%
5204200 · Central Services	4,269.44	9,000.00	-4,730.56	47.4%
5204220 · Equipment Service & Maintenance	42.45	300.00	-257.55	14.2%
5204230 · Janitorial/Maintenance Services	977.67	1,700.00	-722.33	57.5%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%
5204460 · Equipment Rental	1,759.00	4,000.00	-2,241.00	44.0%
5204490 · Rents Privately Owned Property	11,046.00	16,235.10	-5,189.10	68.0%
5204510 · Rent-Other	0.00	500.00	-500.00	0.0%
5204530 · Telecommunications Services	1,366.16	4,500.00	-3,133.84	30.4%
5204540 · Electricity	578.80	865.00	-286.20	66.9%
5204560 · Water	67.05	240.00	-172.95	27.9%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	4,728.18	6,500.00	-1,771.82	72.7%
5204960 · Other Contractual Services	580.68	24,000.00	-23,419.32	2.4%
5205020 · Office Supplies	458.76	3,000.00	-2,541.24	15.3%
5205028 · OFFICE SUPPLIES-2	6.58	0.00	6.58	100.0%
5205310 · Printing State	0.00	250.00	-250.00	0.0%
5205320 · Printing/Duplicating/Binding Co	82.80	1,000.00	-917.20	8.3%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	0.00	2,000.00	-2,000.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	653.40	6,800.00	-6,146.60	9.6%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	3,485.04	6,000.00	-2,514.96	58.1%
5228030 · Depreciation Expense	3,312.82	5,679.12	-2,366.30	58.3%
Total Expense	151,078.93	318,781.22	-167,702.29	47.4%
Net Ordinary Income	81,298.15	-78,211.22	159,509.37	-103.9%
Net Income	81,298.15	-78,211.22	159,509.37	-103.9%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
January 2020

	Jan 20	Jan 19	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	200.00	300.00	-100.00	-33.3%
4293551 · Certificate Renewals-Active	40.00	100.00	-60.00	-60.0%
4293554 · Initial Firm Permits	50.00	100.00	-50.00	-50.0%
4293557 · Initial Audit	30.00	60.00	-30.00	-50.0%
4293558 · Re-Exam Audit	240.00	60.00	180.00	300.0%
4293561 · Late Fees-Certificate Renewals	0.00	100.00	-100.00	-100.0%
4293564 · Late Fees-Peer Review	200.00	0.00	200.00	100.0%
4293566 · Firm Permit Owners	65.00	260.00	-195.00	-75.0%
4293567 · Peer Review Admin Fee	0.00	75.00	-75.00	-100.0%
4293568 · Firm Permit Name Change	0.00	50.00	-50.00	-100.0%
4293569 · Initial FAR	30.00	120.00	-90.00	-75.0%
4293570 · Initial REG	90.00	60.00	30.00	50.0%
4293571 · Initial BEC	30.00	60.00	-30.00	-50.0%
4293572 · Re-Exam FAR	60.00	90.00	-30.00	-33.3%
4293573 · Re-Exam REG	120.00	120.00	0.00	0.0%
4293574 · Re-Exam BEC	30.00	90.00	-60.00	-66.7%
4896021 · Legal Recovery Cost	350.00	0.00	350.00	100.0%
Total Income	1,535.00	1,645.00	-110.00	-6.7%
Gross Profit	1,535.00	1,645.00	-110.00	-6.7%
Expense				
5101010 · F-T Emp Sal & Wages	7,612.52	5,375.19	2,237.33	41.6%
5101020 · P-T/Temp Emp Sal & Wages	5,064.46	3,801.36	1,263.10	33.2%
5101030 · Board & Comm Mbrs Fees	600.00	0.00	600.00	100.0%
5102010 · OASI-Employer's Share	908.01	636.15	271.86	42.7%
5102020 · Retirement-ER Share	683.53	483.77	199.76	41.3%
5102060 · Health /Life Ins.-ER Share	2,548.39	1,479.23	1,069.16	72.3%
5102080 · Worker's Compensation	16.48	19.27	-2.79	-14.5%
5102090 · Unemployment Insurance	5.52	2.09	3.43	164.1%
5203030 · In State-Auto- Priv. High Miles	0.00	124.32	-124.32	-100.0%
5204050 · Consultant Fees - Computer	1,875.00	1,875.00	0.00	0.0%
5204180 · Computer Services-State	0.00	99.30	-99.30	-100.0%
5204200 · Central Services	165.83	283.79	-117.96	-41.6%
5204220 · Equipment Service & Maintenance	4.18	4.36	-0.18	-4.1%
5204230 · Janitorial/Maintenance Services	139.67	136.93	2.74	2.0%
5204460 · Equipment Rental	79.00	56.80	22.20	39.1%
5204490 · Rents Privately Owned Property	1,380.75	1,380.75	0.00	0.0%
5204530 · Telecommunications Services	222.17	448.72	-226.55	-50.5%
5204540 · Electricity	89.86	86.51	3.35	3.9%
5204560 · Water	22.35	22.35	0.00	0.0%
5204740 · Bank Fees and Charges	95.51	84.02	11.49	13.7%
5204960 · Other Contractual Services	0.00	173.00	-173.00	-100.0%
5205020 · Office Supplies	0.00	24,688.12	-24,688.12	-100.0%
5205028 · OFFICE SUPPLIES-2	0.16	0.00	0.16	100.0%
5205320 · Printing/Duplicating/Binding Co	0.00	20.70	-20.70	-100.0%
5207960 · Computer Software Expense	0.00	208.60	-208.60	-100.0%
5228000 · Operating Transfers Out-NonBudg	278.18	1,156.86	-878.68	-76.0%
5228030 · Depreciation Expense	473.26	473.26	0.00	0.0%
Total Expense	22,264.83	43,120.45	-20,855.62	-48.4%
Net Ordinary Income	-20,729.83	-41,475.45	20,745.62	50.0%
Net Income	-20,729.83	-41,475.45	20,745.62	50.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2019 through January 2020

	Jul '19 - Jan 20	Jul '18 - Jan 19	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	4,485.00	1,900.00	2,585.00	136.1%
4293551 · Certificate Renewals-Active	62,940.00	63,000.00	-60.00	-0.1%
4293552 · Certificate Renewals-Inactive	19,710.00	20,300.00	-590.00	-2.9%
4293553 · Certificate Renewals-Retired	1,240.00	1,300.00	-60.00	-4.6%
4293554 · Initial Firm Permits	350.00	700.00	-350.00	-50.0%
4293555 · Firm Permit Renewals	11,050.00	13,850.00	-2,800.00	-20.2%
4293557 · Initial Audit	120.00	300.00	-180.00	-60.0%
4293558 · Re-Exam Audit	1,290.00	1,140.00	150.00	13.2%
4293560 · Late Fees-Initial Certificate	50.00	50.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,750.00	3,000.00	-250.00	-8.3%
4293563 · Late Fees-Firm Permit Renewals	300.00	850.00	-550.00	-64.7%
4293564 · Late Fees-Peer Review	450.00	550.00	-100.00	-18.2%
4293566 · Firm Permit Owners	113,200.00	109,935.00	3,265.00	3.0%
4293567 · Peer Review Admin Fee	75.00	675.00	-600.00	-88.9%
4293568 · Firm Permit Name Change	125.00	75.00	50.00	66.7%
4293569 · Initial FAR	330.00	660.00	-330.00	-50.0%
4293570 · Initial REG	240.00	390.00	-150.00	-38.5%
4293571 · Initial BEC	180.00	180.00	0.00	0.0%
4293572 · Re-Exam FAR	930.00	1,230.00	-300.00	-24.4%
4293573 · Re-Exam REG	1,230.00	1,350.00	-120.00	-8.9%
4293574 · Re-Exam BEC	1,050.00	1,320.00	-270.00	-20.5%
4491000 · Interest and Dividend Revenue	9,932.08	5,660.71	4,271.37	75.5%
4896021 · Legal Recovery Cost	350.00	250.00	100.00	40.0%
Total Income	232,377.08	228,665.71	3,711.37	1.6%
Gross Profit	232,377.08	228,665.71	3,711.37	1.6%
Expense				
5101010 · F-T Emp Sal & Wages	40,252.85	36,727.84	3,525.01	9.6%
5101020 · P-T/Temp Emp Sal & Wages	22,629.85	20,373.53	2,256.32	11.1%
5101030 · Board & Comm Mbrs Fees	3,720.00	3,060.00	660.00	21.6%
5102010 · OASI-Employer's Share	4,550.09	4,146.81	403.28	9.7%
5102020 · Retirement-ER Share	3,581.29	3,359.41	221.88	6.6%
5102060 · Health /Life Ins.-ER Share	13,000.08	10,457.66	2,542.42	24.3%
5102080 · Worker's Compensation	81.75	104.06	-22.31	-21.4%
5102090 · Unemployment Insurance	27.65	16.52	11.13	67.4%
5203010 · Auto-State Owned	47.79	61.59	-13.80	-22.4%
5203020 · Auto-Private-Ownes Low Mileage	104.42	234.60	-130.18	-55.5%
5203030 · In State-Auto- Priv. High Miles	749.28	906.36	-157.08	-17.3%
5203100 · In State-Lodging	338.00	237.00	101.00	42.6%
5203120 · In State-Incidentals to Travel	0.00	10.00	-10.00	-100.0%
5203140 · InState-Tax Meals Not Overmigt	0.00	59.00	-59.00	-100.0%
5203150 · InState-Non-Tax Meals OverNight	138.00	148.00	-10.00	-6.8%
5203230 · OS-Auto Private High Mileage	0.00	61.32	-61.32	-100.0%
5203260 · OS-Air Commercial Carrier	3,017.53	4,654.34	-1,636.81	-35.2%
5203280 · OS-Other Public Carrier	147.56	958.70	-811.14	-84.6%
5203300 · OS-Lodging	4,109.43	5,520.19	-1,410.76	-25.6%
5203320 · OS-Incidentals to Travel	274.00	236.00	38.00	16.1%
5203350 · OS-Non-Taxable Meals Overnight	416.00	612.00	-196.00	-32.0%
5204010 · Subscriptions	363.83	46.08	317.75	689.6%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	5,200.00	0.00	5,200.00	100.0%
5204050 · Consultant Fees - Computer	5,625.00	18,799.90	-13,174.90	-70.1%
5204160 · Workshop Registration Fees	3,006.44	2,780.00	226.44	8.2%
5204180 · Computer Services-State	2,808.75	1,068.10	1,740.65	163.0%
5204181 · Computer Development Serv-State	274.51	426.00	-151.49	-35.6%
5204200 · Central Services	4,269.44	4,207.81	61.63	1.5%
5204220 · Equipment Service & Maintenance	42.45	20.83	21.62	103.8%
5204230 · Janitorial/Maintenance Services	977.67	958.51	19.16	2.0%
5204340 · Computer Software Maintenance	0.00	405.60	-405.60	-100.0%
5204360 · Advertising-Newspapers	0.00	306.49	-306.49	-100.0%
5204460 · Equipment Rental	1,759.00	1,603.60	155.40	9.7%
5204490 · Rents Privately Owned Property	11,046.00	8,061.90	2,984.10	37.0%
5204530 · Telecommunications Services	1,366.16	2,770.55	-1,404.39	-50.7%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2019 through January 2020

	Jul '19 - Jan 20	Jul '18 - Jan 19	\$ Change	% Change
5204540 · Electricity	578.80	533.76	45.04	8.4%
5204560 · Water	67.05	67.05	0.00	0.0%
5204740 · Bank Fees and Charges	4,728.18	4,412.67	315.51	7.2%
5204960 · Other Contractual Services	580.68	391.50	189.18	48.3%
5205020 · Office Supplies	458.76	25,113.94	-24,655.18	-98.2%
5205028 · OFFICE SUPPLIES-2	6.58	0.00	6.58	100.0%
5205320 · Printing/Duplicating/Binding Co	82.80	175.95	-93.15	-52.9%
5205330 · Supplemental Publications	0.00	486.25	-486.25	-100.0%
5205350 · Postage	0.00	1,023.52	-1,023.52	-100.0%
5207490 · Telephone Equipment	0.00	1,599.60	-1,599.60	-100.0%
5207900 · Computer Hardware	653.40	1,153.02	-499.62	-43.3%
5207960 · Computer Software Expense	0.00	265.04	-265.04	-100.0%
5228000 · Operating Transfers Out-NonBudg	3,485.04	3,997.96	-512.92	-12.8%
5228030 · Depreciation Expense	3,312.82	3,312.82	0.00	0.0%
Total Expense	151,078.93	179,133.38	-28,054.45	-15.7%
Net Ordinary Income	81,298.15	49,532.33	31,765.82	64.1%
Net Income	81,298.15	49,532.33	31,765.82	64.1%

REPORT TO BOARD ON NASBA REGIONAL CONFERENCE

Nicole Kasin

The NASBA Western Regional Conference will be held in Colorado Springs, CO on June 2-4, 2020. The Eastern Regional Conference will be held in White Sulphur Springs, WV on June 9-11, 2020.

This is a request for the Board to approve travel for the Executive Director and Board members that will be attending.

NASBA

2020 Regional Meetings

Colorado Springs, CO – June 2-4
White Sulphur Springs, WV – June 9-11

TENTATIVE AGENDA

Monday, June 1 (8), 2020

6:00 – 8:00 pm Dinner for New Accountancy Board Members (& guests)

Tuesday, June 2 (9), 2020

8:00 – 9:00 am New Accountancy Board Member Breakfast

9:00 am – 3:15 pm New Accountancy Board Member Orientation Program

4:00 – 5:00 pm Regional Meeting Registration

6:00 – 8:00 pm Welcome Reception

Wednesday, June 3 (10), 2020

7:30 – 8:45 am Communications Breakfast Meeting (All Attendees Welcome)

7:30 – 9:00 am BREAKFAST (All Welcome)

9:00 am – 12:00 pm General Session

9:00 – 9:15 am Welcome from Regional Directors

9:15 – 9:25 am Welcome to Host State

9:25 – 10:10 am Update from NASBA Leadership

10:10 – 10:40 am What Did the Practice Analysis Reveal?

10:40 – 11:00 am BREAK

11:00 – Noon The Evolution of the CPA Profession: Next Steps

12:00 – 1:15 pm LUNCH (All meeting attendees – Assigned tables)

NASBA

2020 Regional Meetings

Colorado Springs, CO – June 2-4
White Sulphur Springs, WV – June 9-11

TENTATIVE AGENDA

1:15 – 2:15 p.m.	General Session
1:15 – 1:45 pm	Recent Legislative Battles: Taking Anti-Anti-Regulation Steps
1:45 – 2:15 pm	NOCLAR, Adding Experience and Other UAA Projects
2:15 – 2:30 pm	BREAK
2:30 – 4:30 pm	Meet with Your Region Session led by each Region's Director <i>(Participation limited to Board of Accountancy members, staff and former Board of Accountancy members. Each Region will meet in a separate room with the Regional Director leading the discussion. Election of Nominating Committee Representatives in Central, Middle Atlantic, Pacific and Southeast Regions.)</i>
2:30– 3:30 pm	Seminar for Other Attendees: Speak Up on Legislation in Your Jurisdiction
4:30 pm	RECESS
4:45 pm	Call to Leadership Reception

Thursday, June 4 (11), 2020

7:30 – 8:45 am	Board of Accountancy Presidents' /Chairs' Breakfast Meeting
7:30 – 8:45 am	Board of Accountancy Executive Directors' Breakfast Meeting
7:30 – 9:00 am	BREAKFAST (All Welcome)
9:00 am – 12:00 pm	General Session
9:00 – 9:15 am	Report from Regional Breakouts
9:15 – 9:45 am	Legal Update
9:45 – 10:15 am	Rethinking Quality Control Standards



2020 Regional Meetings

Colorado Springs, CO – June 2-4

White Sulphur Springs, WV – June 9-11

TENTATIVE AGENDA

10:15 – 10:45 am	Trending Issues in Accounting
10:45 – 11:00 am	BREAK
11:00 -11:15 am	Report from Examination Review Board
11:15 – 11:45 a.m.	On-Going Accounting Education Research
12:00 – 1:00 pm	LUNCH (Meeting Attendees Only)
1:00 – 3:30 pm	General Session
1:00 – 1:30 pm	Managing Data Security and Risk in the AWS Cloud
1:30 – 2:00 pm	Panel – Enhancing Boards' Operations
2:00 – 2:30 pm	Independence Redefined
2:30 – 3:00 pm	Global Challenges for Regulators
3:00 – 3:15 pm	Questions and Answers for NASBA
3:15 – 3:30 pm	Raffle Drawing
3:30 pm	ADJOURN
6:30 pm	Celebration

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

NASBA – Committee Interest

An email was sent out on March 5, 2020 for committee interest for the 2020-2021 year for NASBA committees. The request is that the interest form be completed and submitted by May 5, 2020.

NASBA ED/Legal Counsel Conference

NASBA cancelled the conference this year due to COVID-19. The Executive Directors will meet in a virtual conference on March 18 to cover some of the topics from the planned conference. Topics to be covered will be peer review, UAA, CPA exam updates (continuous testing), legal cases update, contingency planning and cyber security.

CPE Reporting Project

We are working with GL in regards to the redesign of the CPE reporting in the online renewal program and also mimicked the design in the printable form (changes to page 2 reporting).

CPE Questions due to COVID-19

1. NASBA reached out with a question on courses from providers that are going from Group Live to Group Internet based platform due to COVID-19. The provider will issue a certificate of completion, but it will not have their NASBA registry number on it since they are not approved as Group Internet based.

ARSD 20:75:04:00 (9) "Group program," an educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants either in a classroom setting, conference setting, or by using the internet;

With this rule the board would accept the course as long as the provider meets the interaction criteria of the rule and CPE rules of ARSD 20:75:04. Does the board want to place a temporary policy indicating sponsors that had courses that were NASBA approved as Group Live and moved to Group Internet Based due to COVID-19 are approved from March 9, 2020 to May 31, 2020. Dates to be reviewed by the board at future meetings if adjustments need to be made.

2. CPE courses cancellation – received a question regarding conferences getting cancelled and how the board will possibly handle a larger number of requests for CPE extensions? The current process for CPE extensions is the individual will email the board staff to request the extension. They will receive a reply with the standard 90-day extension to complete CPE no later than September 30, 2020. Any additional requests must be granted on an individual basis by review of the board.

Board Discussion

- Any New Business/topics?



AICPA BOARD OF EXAMINERS (BOE) MEETING HIGHLIGHTS

January 29, 2020

Participants

BOE Members: Diego Baca, Doug Behn, Barry Berkowitz, Helen Brown-Liburd, Allan Cohen, Jimmy Corley, David de Silva, Evan DeFord, James Gottfried, Sheldon Holzman, Jeff Hoops, Audrey Katcher, Erica Nelson, Michael Watts, Tom Weirich, and Jim Wollack.

AICPA Staff: Michael Cannon, Michael Decker (Staff Liaison), Rich Gallagher, Joe Maslott, John Mattar, Paul Schields, Robin Stackhouse, and Lauren Walter

NASBA ERB Staff: Sheena Murphy

BOE Chair Jeff Hoops and Michael Decker, Vice President of Examinations, provided an overview of the meeting's agenda, which entailed the review and approval of several Content items including the Data Analytics B Blueprint changes; the Policy on New Pronouncements; the Technical Accuracy Review (TAR) Policy, as well as an end-of-year review.

Richard Gallagher, AICPA Senior Director of Examination Content and Joe Maslott, AICPA Senior Manager of Content Management, provided a status update on the CPA Exam 2020-2021 schedule and the initial feedback from the Practice Analysis Exposure Draft and Invitation to Comment.

The response is limited at this time given the fact that we are still early in the process. Nevertheless, we are aware that various groups representing US state and local government accounting have shared concerns that we are proposing the removal of state and local government accounting from the Exam.

At this time we have provided additional information to the various state and local government groups to further clarify what is stated in the Exposure Draft and Invitation to Comment. We are accepting feedback until the end of April 2020. Our Content Committee meetings are scheduled around the end of the comment period so that our subcommittees will have the opportunity to meet prior to the BOE meeting in May 2020. Depending on the nature of the comments and the extent of any inventory gaps, we are planning for a blueprint update October 2020 or January 2021.

Michael Cannon, AICPA Senior Manager of Examination Content, and Doug Behn, Chair of the Content Committee (CC), provided the Board with an update from the Content Committee meeting held two weeks prior, where the following items were unanimously approved: the blueprint changes; the Technical Accuracy Review (TAR) work instructions, and the proposed changes to the policy on new pronouncements.



State Board Committee (SBC) Chair, David de Silva, led a discussion on recent state board developments discussed at the SBC meeting held the week prior. SBC hot topics covered several issues including: a major push to simplify regulations; Boards that are currently undergoing sunset review; and a lot of discussion on continuous testing. It appears that most jurisdictions optimistically hope to be ready for continuous testing.

Michael Horan, AICPA Senior Manager of Communications, joined this remote SBC meeting and offered the State Board an overview of a toolkit, a web resource page for State Boards, Executive Directors, NASBA and candidates for communications regarding the Exam. **Mr. Horan** composed a template of the toolkit, which will ultimately be comprised of helpful information and links to other pages (AICPA, NASBA, etc.), documents and resources. We hope to launch the toolket in May 2020.

Michael Decker led the Exams staff and the BOE in a detailed review of the 2019 end-of-year.

- Volumes are down with continued degradation of volumes without clear indication of a return. Domestic volumes ended at 187,980.
- 2019's New CPA Candidates (36,670) entering the pipeline is the lowest it has been since 2007. If volumes stabilize it might be indicative of a new normal; if it continues it may indicate new pipeline challenges. We will continue to monitor it.
- Exams is securing a market study from Applied Research Consulting (ARC) to target the 40,000 accounting graduates who do not sit for the Exam to understand why they didn't and to confirm our understanding of those reasons.

Paul Schields, AICPA Senior Finance Manager, provided a review of the 2019 actuals and 2020 budget. Based on this week's scheduling data, Q1 2020 appears to be on an upward trend from last week, 1% down compared to last year. With respect to the financials, when comparing our results to the budget, we are about \$1.1 million off due to falling volumes, 4.5% down for the year. Cost reductions in spending offset the lower revenue. This was achieved via remote one-day meetings, some staff and assignment reductions, and resolution of redundancy issues in IT expenditures. Our budget excludes any assumption of growth into India at this time.

Regarding international, this is probably the most profitable year that we have had since the inception of the international program in 2011. In Japan we are up about 15%; in the Middle East we are up about 10%; and we saw some minor gains in traction in Europe. These figures will only improve with the inclusion of India despite predictions of a lot of candidate movement from one location to another in the first couple of quarters. There are currently a little over 1500 candidates in the India pipeline who will be able to test locally in India; thereby, hopefully, reducing the chances of dropout.

Effective February 1, AICPA in conjunction with NASBA, will announce that any candidate that has been granted eligibility to sit internationally can travel to Europe to test if they chose to do so. In 2020 we should see some top line revenue growth on the international front, which should offset any future decline in domestic revenue volume should it fall below 187,000 sections.



Proposal: Announce Exam Fee Increase 1-Year Earlier

Why the change?

- NASBA, with the CBT Admin Committee, are allowing for a one-time waiver to the 2-year notification period for Exam fee changes.
- Current contract negotiations between the AICPA and NASBA are targeting a one-year notification period for all future Exam fee changes.
- The Exam fee used to be in board rules, which required a 2-year notification. This is no longer the case.
- Continued deterioration in Exam volumes / Distributes fee increase over more Candidates.
- We received the BOE's endorsement for announcing a \$10 AICPA Exam fee increase to become effective in 2021, not 2022 (one year in advance of the 2-year notification originally endorsed by the BOE).

Lauren Walter, AICPA Manager of Communications, shared with the BOE a CPA Exam communications update which offered highlights and stats from 2019. Last year was a great year in terms of communications outreach to targeted audiences. In 2019 we launched a podcast called *Next Stop: CPA* aimed at candidates, students, and aspiring CPAs. In 2019 we published 14 episodes, we had 761 subscribers, 23,152 total downloads and over 100,000 plays. Episodes range in topic from what was your Exam strategy, why did you become a CPA, to interviews with Exam section managers and tips for taking each section. Top locations for listenership were the United States, India, and Canada.

Our 2018 website (aicpa.org/cpaexam) overhaul involving the paring down of the number of pages and click-throughs, appears to have had a very positive effect. Last year we witnessed a significant increase across the boards in terms of webpage traffic: 83,000 unique visitors, up from 62,000 in 2018; 2.3 million page views, up from 1.7 million in 2018; and 1.4 million site views, up from 1 million the year prior. We continue to look for ways to improve the user experience on the site.

The 2020 CPA Exam Booklet which has become a marketing staple for us, was released last month.

Practice Analysis communications have been heavy since the end of December. All our channels that are non-candidate specific have been hit: a press release went out, and the website was updated with a specific page dedicated to the Practice Analysis where people can access the Exposure Draft and the Invitation to Comment. We had an AICPA Member Believe e-mail sent out on behalf of Michael Decker directed to about 320,000 recipients which had a higher open rate than the majority of Member Believe e-mails, indicating that our members are clearly interested in what is going on with the Exam. The blueprints are generally in the top 3 most downloaded items on the entire AICPA website.



CPA Exam 2020-2021 Scheduling

- April 1, 2020 Announce updated Blueprint for 10-1-20 Exam
- April 30, 2020 Exposure Draft review period ends (2021 Exam)
- April - May 2020 Subcommittee meetings will review / react to public feedback (2021 Exam)
- May 18 - 19, 2020 Content Committee Review of Exposure Draft / Invitation to Comment public feedback → Approve Final Exam Changes (2021 Exam)
- May 27 – 29, 2020 BOE and State Board Committee Orientation and Meeting
- End of May 2020 BOE Committees Members change
- Aug - Sept 2020: Subcommittees to approve final Blueprint changes (2021 Exam)
- October 1, 2020 Launch 2020 Exam with updated blueprints with Data Analytics B item (with Excel)
- 20Q2 – 20Q4: Blueprint Development / Item Development (2021 Exam)
- October 22, 2020 BOE Approval of Blueprint Changes from Practice Analysis (2021 Exam)
- 20Q3: Potential Launch of CPA Evolution-based Practice Analysis (Evolution Exam)
- January 2021: Updated Blueprints Announced (2021 Exam)
- July 2021: Launch updated CPA Exam (2021 Exam)



Maintaining the Relevance of the Uniform CPA Examination[®]:

An Exposure Draft and Invitation to Comment

December 2019

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2019 Practice Analysis and CPA Evolution

To all Practice Analysis Constituents and Commenters:

It is important to acknowledge and understand the differences between this Practice Analysis (PA) and the current discussions around the CPA Evolution initiative (CPA Evolution).

Conducting a PA is a regular occurrence in the development and production of the Uniform CPA Examination® (CPA Exam). This 2019 PA continues the history of using regular practice analyses, coupled with any quarterly updates required due to technical standards changes, obsolescence, etc. to ensure the CPA Exam always remains current with the profession. It follows similar comprehensive analyses leading up to computerization of the CPA Exam in 2004 and major Exam updates in 2011 and 2017.

As this document further explains in detail, the 2019 PA explores the current impact of technology on the profession and the work of newly licensed CPAs (nCPAs) in today's environment. It also looks at areas where the CPA Exam may have become too broad and not sufficiently focused on the critical knowledge and skills required of today's nCPAs. Changes resulting from this PA are targeted to be operational in the CPA Exam sometime in 2021.

Although these PA concepts overlap with the current discussions around CPA Evolution, it is critical to note that this PA is based on the structure of the current operational CPA Exam, comprising four independent assertions in audit, tax and regulations, financial reporting, and business concepts, as established by joint American Institute of CPAs® (AICPA®) and National Association of State Boards of Accountancy (NASBA) committees that led to the computerized CPA Exam in 2004.

The CPA Evolution initiative is exploring changes to the licensure structure in the future, including exam, experience, and education. Any new exam structure resulting from CPA Evolution will ultimately require a larger, quite different PA.

Please reference the graphic on the following page, which demonstrates the anticipated timing of CPA Exam updates, the PA, and CPA Evolution.

Practice Analysis and CPA Evolution Timeline

December 2019	April 2020	Summer 2020	2020 Q3	2020 Q4	2021
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Current CPA Licensure Model

CPA Exam with 2020 updates		AICPA BOE approves Blueprint with updated audit data analytics changes (January 2020) Updated Blueprint (audit data analytics) published April 2020	Updated Sample Tests available (July 2020)		Planned audit data analytics launch (October 2020)
CPA Exam with current Practice Analysis and targeted 2021 launch	Distribute Practice Analysis Exposure Draft & Invitation to Comment	Feedback due to the AICPA Examinations Team		AICPA Subcommittee and Content Committee approves updated Blueprints	AICPA BOE approves updated Blueprints ¹ Updated Blueprint published January 2021 Updated Exam launches July 2021 ¹

Future CPA Licensure Model – Currently in discussion

CPA Evolution			CPA Evolution model targeted approval and ongoing implementation planning (TBD)		
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¹ Depending on the nature and extent of comments received on the ED, the BOE could potentially approve Blueprint changes in 2020 Q3, adjusting publication of the updated Blueprint to 2020 Q4 and launch to April 2021.

Description of Combined Document

This combined Exposure Draft (ED) and Invitation to Comment (ITC) presents the findings and conclusions of a PA conducted by the AICPA Examinations Team over the past year. This PA focused on two major themes:

- The impact of technology on the work of newly licensed CPAs (nICPAs); and
- The identification of areas where the CPA Exam has become too broad and not sufficiently focused on the critical knowledge and skills required of a nICPA.

The document is divided into two separate sections, the ED and the ITC.

The ED presents changes the AICPA proposes to make to the CPA Exam resulting from the PA. Following consideration of comments received, the changes outlined in the ED are expected to be included in a

revised CPA Exam Blueprint to be approved no later than Dec. 31, 2020, and included in the CPA Exam six months after Blueprint publication.

The ITC presents items for consideration that will require additional research and investigation. Dependent upon the nature of the comments received, the AICPA will pursue additional research to determine how and when these matters may be implemented in the CPA Exam. At this time, it is not known if and when any changes resulting from the ITC will be implemented.

All comments, whether related to the ED or the ITC, are due no later than April 30, 2020. See further discussion below under Request for Comment.

Executive Summary

The CPA Exam provides reasonable assurance to boards of accountancy that individuals who pass the CPA Exam possess the minimum level of technical knowledge and skills necessary for initial licensure. To remain relevant to a dynamic profession and current with the real-world demands on nCPAs, the CPA Exam must continually evolve.

The periodic execution of a PA is necessary to ensure that the CPA Exam:

- Supports the profession's commitment to protecting the public interest;
- Remains current, relevant, reliable, and legally defensible; and
- Fulfills the needs of the boards of accountancy in carrying out their licensing responsibilities.

In early 2019, the AICPA's Board of Examiners (BOE) launched this PA, a research project designed to update its understanding of the knowledge and skills required of nCPAs, particularly focused on the impact of technology on the work of nCPAs. The PA was also designed to identify where the CPA Exam may have become too broad and not sufficiently focused on the critical knowledge and skills required of nCPAs.

A key assumption during this PA was that the current Exam sections and Blueprint structure could accommodate content changes driven by technology. The BOE believes that the previous PA findings and associated Exam changes were appropriately designed to enhance the testing of higher-order skills that include, but are not limited to, critical thinking, problem-solving, analytical ability, and professional skepticism. Further, the Blueprints and associated sections provide a strong foundation for organizing the content assessing the minimum knowledge and skills required of newly licensed CPAs. The strong foundation of the current Exam sections and the focus on skill levels in the Blueprints, including the task statements, allowed the current PA to focus primarily on the impact of technology on nCPA practice and the related changes that should be made to the CPA Exam.

The PA collected input about the work today's nCPAs are required to perform from a variety of stakeholders who share an interest in preserving the strength and mission of the profession—boards of accountancy, accounting firms, academia, standard setters and regulators, and business and industry. Valuable information was collected in three phases from CPA participants, with unique participants in each phase, who directly supervise nCPAs. **Please see the Practice Analysis Process section for more information on the PA process.**

General Findings and Conclusions

Technology is dramatically affecting the accounting profession and is impacting audit planning and execution, tax compliance and planning, and the nature of professional services provided. The PA focused on the impact of technology on the work of nCPAs. The impact on any individual nCPA will depend on where that individual is employed and the nature of the clients with whom they work.

In the PA's first phase, several findings were identified that more broadly demonstrate technology's impact on nCPA practice. These include:

- Understanding business processes from inception to completion including automated aspects, risk identification and internal control mapping,
- The need for a digital and data-driven mindset and the use of data analytics, and
- Increased reliance on System and Organization Controls for Service Organizations: Internal Control over Financial Reporting (SOC 1®) reports.

As more fully described below, changes addressing these findings primarily affect the Auditing and Attestation (AUD) and Business Environment and Concepts (BEC) sections of the CPA Exam.

The second phase of the PA was to identify where the CPA Exam may have become too broad and not sufficiently focused on the critical knowledge and skills required of the nICPA. The PA research identified content that could potentially be removed or revised in each of the four CPA Exam sections.

As part of the third phase of the PA, confirmation panels indicated their level of agreement with the proposed changes to the CPA Exam. The final changes were reviewed and approved by the BOE.

Specific Proposed Exam Changes

The proposed changes to the Blueprint are provided in the Proposed Exam Changes section below. These changes include content to be added to the CPA Exam in response to the technology findings identified. The changes also include content either

to be removed from the CPA Exam or assessed at a different skill level in response to better focusing on the critical knowledge and skills required of nICPAs. The proposed changes should be reviewed in conjunction with the current CPA Exam Blueprint. After considering the comments received in response to this ED, the AICPA plans to make approved changes to the CPA Exam Blueprint no later than Dec. 31, 2020.

It is anticipated that there will not be significant changes to aggregate CPA Exam time, or either content allocation ranges or skill allocation ranges within each of the four CPA Exam sections. Additionally, at this time, it is anticipated that the proposed changes to the CPA Exam will not require delayed score reporting (score holds).

Request for Comment

The AICPA values the views of all CPA Exam stakeholders and is seeking comments on the questions listed below. The questions have been divided to address:

A – Comments/responses to changes that are proposed for implementation in the next version of the CPA Exam. (ED)

B – Comments/responses that will require additional research/investigation to evaluate and will be considered for potential implementation at a future time.

In your response, please indicate whether the response represents the official response of a state board of accountancy, state CPA society, or regulator. Otherwise, please advise whether the response is on behalf of a firm, business, or represents your individual views. The AICPA will make all comments publicly available by posting the responses to its website for one year.

The AICPA will consider all responses received on or before April 30, 2020. Email your submission to practiceanalysis@aicpa.org.

- A. Comments requested on the next version of the CPA Exam as defined in this ED.
- a. Understanding the business, digital and data-driven mindset and data analytics, and reliance on SOC 1 reports have been identified as the three primary findings affected by technology and impacting the profession and nCPA practice. See further details on these findings in the Practice Analysis – Findings section of this document.
- 1. How do the findings align with the changes you see impacting nCPA practice? If the primary findings do not align with the changes you see impacting nCPA practice, please provide your view and explain your rationale.**

- b. The AUD and BEC section Blueprints are each being reorganized to take a more integrated view of technology and business processes, including information systems, risk assessment, and related internal controls. See changes 7, 8, 13, 23, 26, and 27. The PA findings support this more integrated approach to better assess the knowledge and skills required of nCPAs. These changes add, reorganize, and emphasize content.

Additionally, the PA findings support either deleting certain CPA Exam content or changing the cognitive skill level at which the content is assessed. The proposed deletions and changes are also described in the Proposed Exam Changes section of this document.

- 2. Do you agree with the proposed Exam changes? If not, please explain your rationale. Responses should address specific changes by number (see proposed changes beginning on page 14).**
- c. Technology constantly evolves and will continue to impact the work of nCPAs in their role in protecting the public interest. Thus, the CPA Exam will need to continually evolve to ensure the appropriate knowledge and skills are assessed.
- 3. Are there other areas affected by technology beyond the findings identified in the Practice Analysis – Findings section of this document broadly impacting nCPA practice that should be considered in future revisions to the CPA Exam Blueprints? If so, describe them.**
- 4. Based on a review of the CPA Exam Blueprints, do you believe there is additional content that should be removed from the CPA Exam as it is not critical to nCPA practice and the protection of the public interest? If so, describe them.**

B. Comments requested for the future of CPA Exam content and structure changes as defined in this ITC.

a. The AICPA proposes to remove the essay question (written communication question) given the limitations of the current assessment and its minimal impact on the overall score as described in the ITC section of this document.

1. Given the considerations in the ITC, do you agree or disagree with the recommendation to remove the essay question (written communication question)? Please provide your rationale.

b. Given the specialized nature of the content assessed in FAR Area IV - State and Local Governments and thus the potential limited applicability to a majority of nICPAs, the AICPA is considering the potential removal of state and local government accounting content from the CPA Exam as described in the ITC section of this document.

2. Given the considerations in the ITC, should accounting for state and local governments continue to be assessed on the CPA Exam? Please provide your rationale.

Guide for Respondents

Comments are most helpful when they refer to specific changes or findings discussed and include the reasons for the comments. **When a respondent agrees with proposals in the ED or ITC, it will be helpful for the AICPA to be made aware of this view.** Written comments on this ED and ITC will become part of the public record of the AICPA and will be posted on its website for one year. Responses should be sent to practiceanalysis@aicpa.org and received no later than April 30, 2020.

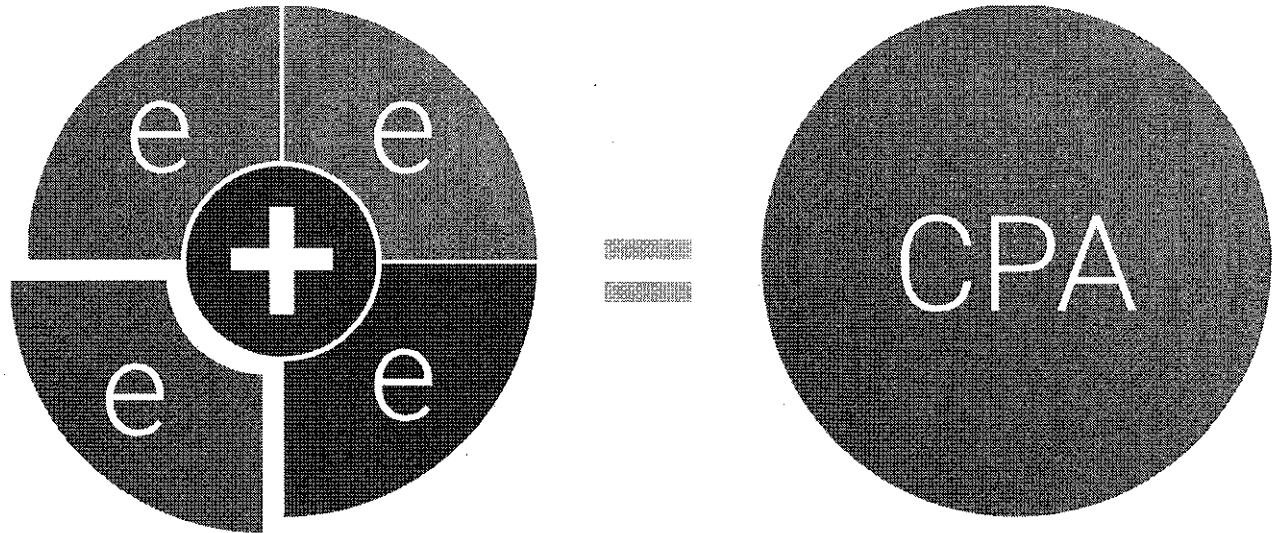
Background and Introduction

Since 1917, the CPA Exam has a trusted history as one component of the CPA licensing process. The CPA Exam is a licensure exam designed to measure minimum competency and helps to establish the CPA license as evidence of professional qualification. The mission of the CPA Exam is to provide reasonable assurance that individuals seeking licensure have demonstrated the knowledge and skills necessary for a nCPA to protect the public interest in today's business and financial environment.

For the purpose of identifying the domain of tasks, knowledge, and skills necessary to protect the public interest, a nCPA is defined as someone who has fulfilled the applicable jurisdiction's educational and experience requirements and has the knowledge and skills typically possessed by a person with one to two years of experience.²

Experience

Education



Ethics*

Examination

² *Certain states or jurisdictions require a separate ethics assessment in addition to what is tested on the CPA Exam

The AICPA develops, maintains, and scores the CPA Exam. The BOE, a senior committee of the AICPA, is responsible for the establishment of policies governing the CPA Exam in accordance with legal and psychometric standards as they apply to licensure examinations. The BOE also has the responsibility for strategic planning and risk assessment to ensure that the CPA Exam continues to fulfill its mission, which is to provide reasonable assurance to boards of accountancy that candidates passing the CPA Exam possess the technical knowledge and skills necessary for initial licensure to protect the public interest.

The BOE conducts a PA at any time the changes in the profession are significant enough to indicate the CPA Exam needs to be updated.

The previous PA was launched in 2014 and completed in 2016. The findings were implemented in the CPA Exam in 2017. The PA completed in 2016 resulted in an increased focus on testing higher-order skills by adding simulation items and increasing the scoring weight of simulations. The need to test higher-order skills was identified in the research as it was deemed critically important that nCPAs are competent in recognizing issues, identifying errors, challenging assumptions, and applying both professional judgment and skepticism.

To assist CPA Exam candidates, educators, and other Exam stakeholders, the AICPA published the CPA Exam Blueprints in 2016.

The goals of the CPA Exam Blueprints are to:

- Provide assurance that the CPA Exam is properly designed to test the required knowledge, skills, and tasks.
- Assist candidates in preparing for the CPA Exam by delineating the knowledge and skills that may be tested.
- Apprise educators about the knowledge and skills candidates will need to function as nCPAs.
- Guide the development of CPA Exam questions.

Between PAs, continuous maintenance of the CPA Exam occurs, and the CPA Exam Blueprints are modified as necessary to remain current with new standards and laws. CPA Exam Blueprint revisions are also made to improve the clarity, organization, and the nature of content assessed. The current CPA Exam Blueprint was published on Jan. 1, 2019, and is located at: aicpa.org/becomeacpa/cpaexam/examinationcontent.html.

Given the rapid advancement of technology, in March 2019, the BOE approved the start of a new PA, which focused on technology's impact on nCPA practice. The goal of the PA research is to:

- Provide data that can be used to define the scope of changes to the CPA Exam.
- Serve as the foundation of the validity and legal defensibility of the CPA Exam.
- Provide reasonable assurance to boards of accountancy that individuals who pass the CPA Exam possess the minimum level of technical knowledge and skills necessary for initial licensure.

The BOE believes that over time the CPA Exam may have become too broad and requires additional focus on the truly critical knowledge and skills of nCPAs, particularly given that additional content and skills may need to be added to the CPA Exam to reflect technology's impact on nCPA practice. **Accordingly, the current PA includes two research objectives: first, to assess the impact of technology on nCPA practice, and second, to identify existing Exam content that may be less important to nCPA practice, so the CPA Exam better focuses on what is critical to nCPA practice.**

The ED documents the PA process and methods used to update the domain of tasks, knowledge and skills necessary for a nCPA; explains the types of analyses conducted; reports the results of those analyses; and describes how the results of the PA will redefine the CPA Exam Blueprints.

Practice Analysis — Findings

The following discusses the major findings or areas impacting the proposed additions, changes, and deletions to the CPA Exam. The updates are based upon research and input received from the profession and stakeholders regarding the knowledge and skills required of nICPAs for their role in protecting the public interest.

Several new specific findings were identified in the PA technology research including that nICPAs need to have increased knowledge and skills related to:

- Understanding the business
- Digital and data-driven mindset including data analytics
- Reliance on System and Organization Controls (SOC 1) reports

Understanding the Business

Newly licensed CPAs need to understand the business including its operations, information systems, underlying business processes, information and data flows, and risks and related internal controls. This understanding is fundamental to planning and designing audit procedures responsive to the assessed risks. Newly licensed CPAs are involved in many aspects of understanding the business. The nature and extent of the nICPAs role in understanding the business will vary based on the size and complexity of the entity.

Newly licensed CPAs roles in understanding the business could include:

- Understanding the source of entity financial and tax information,
- Understanding procedures in manual and automated systems by which transactions are initiated, authorized, processed, and recorded in general ledgers, and
- Mapping internal controls in both manual and IT systems. In particular, nICPAs need to be able to understand the flow of transactions from start to finish, inclusive of both manual and automated systems, along with the related control activities.

Aspects of understanding the business are currently assessed in both the AUD and BEC sections of the CPA Exam. The AUD section generally is more focused on risk assessment and testing of internal controls, while the focus in the BEC section includes governance and the design of internal controls. This focus is appropriate and will continue. However, each of the sections generally assesses processes and internal control topics on a somewhat segregated basis, i.e., looking at manual and automated systems and controls separately. **In response to the PA research, the AUD and BEC Blueprints are proposed to be reorganized to assess major business processes, including manual and IT systems, and related internal controls on a more integrated basis.**

Digital and Data-Driven Mindset/ Data Analytics

A digital and data-driven mindset includes understanding the potential sources of data as well as the completeness, accuracy and relevance of the data. This mindset is related to the initial finding identified above, Understanding the business. Newly licensed CPAs should understand the flow of transactions within business processes and information systems; this will lead to understanding the availability and reliability, i.e., completeness and accuracy, of the data.

Given the advances in technology, which allow for the extraction of data from systems, it is important that nICPAs at a minimum have an understanding of data—and where and how it may be accessed—to be able to converse with clients about data and its potential use. There are mixed views as to whether nICPAs are actually extracting and transforming the data, and this is often dependent upon the complexity of the client and its systems. If nICPAs are not actually performing these extraction and transformation procedures, they will nonetheless need to be able to communicate effectively about data with either their clients or data specialists supporting their engagements, again requiring a digital and data-driven mindset.

Data analytics is a subset of the digital and data-driven mindset. While the adoption and implementation of data analytic techniques vary widely based on firm size and complexity and size of the client, there is widespread acknowledgment that the use of data analytics is prevalent throughout the profession and nCPAs have an important role.

Since 2017 and concurrent with this PA, the AICPA Exams Team worked with subject-matter-experts, including the AUD subcommittee, to develop audit data analytics (ADA) task-based simulations (TBS) or small case studies that will assess nCPA ADA practice. In addition to generally requiring candidates to address matters surrounding the relevance and reliability of data, these TBS will require the use of Microsoft Excel® (Excel) to sort, filter, and compare data sets to determine trends, identify missing or duplicate transactions, or highlight anomalies within data. The research in this PA has reaffirmed the work completed to date. **Given the research and related work to date, Excel-based TBSs are planned to be introduced in the AUD section beginning Oct. 1, 2020. A revised CPA Exam Blueprint is planned to be available beginning April 1, 2020, which will include new representative task statements aligned with these planned changes.**

Based on the PA research, the BEC section will begin assessing content on data management, data governance, and data relationships. These proposed changes are discussed in the Proposed Exam Changes section below.

Reliance on SOC 1 Reports

There is significant increased reliance on SOC 1 reports given how businesses are increasingly outsourcing information systems and business processes to third parties and storing data in the

cloud. SOC 1 reports are specifically intended to assist businesses that use service organizations and their auditors in evaluating the effect of the controls at the service organization on the user entities' financial statements. Inasmuch as outsourcing these systems is integral to a company's business processes, nCPAs need to understand the types of SOC 1 reports, how to interpret them, the implications to a client's system of internal controls, and accordingly, the effect on planned audit procedures.

This finding is also an extension of the first finding, Understanding the business. An auditor's need to understand a client's business processes and information systems extends to outsourced processes or systems that could impact the financial statements or taxes. If the client has outsourced business and information systems technology and processes, the auditor still needs to understand how the related transactions are initiated, authorized, processed and recorded, and the responsive internal controls.

The PA results indicated that reliance on SOC 1 reports has dramatically increased—requiring auditors to obtain and evaluate multiple SOC 1 reports on even relatively modestly sized clients. Further, the research has indicated nCPAs are typically involved in reviewing these reports and mapping controls similar to what they would do if the business process or information systems had not been outsourced.

The research has **not** supported that a significant number of nCPAs are involved in performing the underlying procedures that support the issuance of a SOC 1 report. Working on SOC 1 engagements is typically done by specialists or those with significant experience and is beyond the scope of nCPA practice. The AICPA will monitor the SOC suite of services and their impact on nCPA practice, which are continually evolving.

While the CPA Exam currently assesses reliance on SOC 1 reports, this is a topic that will be further emphasized within the AUD section of the CPA Exam. Additionally, consideration of the reliance on SOC 1 reports will be added to the BEC section of the CPA Exam.

The advances in technology do not eliminate the need for basic accounting, auditing, business, and taxation concepts in order for nCPAs to undertake their role in protecting the public interest. The PA supported the need for strong foundational knowledge and skills. In fact, there was universal support that technology advances require nCPAs to have a clear understanding of basic accounting and auditing skills as well as professional skepticism. The BOE believes the current CPA Exam structure and associated sections are well designed to assess the foundational knowledge and skills required by nCPAs, as well as accommodate the changes identified by this PA.

Focus on Critical Knowledge and Skills

The PA findings supported that certain content currently assessed on the CPA Exam is less critical to nCPA practice and the protection of the public interest. As discussed further under the Phase 2 process below, the CPA Exam subject-matter-experts (SMEs) determined to retain or remove topic content, or alternatively, to change the cognitive skill level at which topics are assessed. The proposed changes have been reflected within the detail changes provided below for each section.

The AICPA Examinations Team, CPA Exam section subcommittees, the CPA Exam Content Committee, and the BOE have all reviewed and approved these findings and the proposed content changes for each of the sections of the CPA Exam.

Technology Used by Newly Licensed CPAs

PA research indicates the use of specific ADA software is less important for the CPA Exam to assess. Rather, understanding of the completeness and accuracy of data and data-wrangling skills (transformation, analysis, and use of data) are more critical given the role of nCPAs in analyzing outputs from the specific ADA software. While there was an acknowledgment that the CPA Exam should be tool-agnostic with regard to ADA, there were very strong views expressed for knowledge of Excel, which is used ubiquitously by firms and their clients. **As noted above, beginning Oct. 1, 2020, the CPA Exam's AUD section plans to include TBS that will assess data analytics requiring the use of Excel.**

The PA considered the following additional technologies that could potentially impact nCPA practice: robotic process automation (RPA), cybersecurity, machine learning, artificial intelligence, and blockchain. The PA research indicates that a nCPA needs to have a basic understanding of these technologies but use and deployment in the delivery of professional services is often extremely specialized, not universal, and generally beyond the scope of today's nCPA practice. The AICPA will monitor these as well as other developing technologies and their impact on nCPA practice, which are continually evolving.

More information about the design and scope of the PA research is discussed below in the Practice Analysis Process section.

Proposed Exam Changes

This portion of the ED provides detailed information about the proposed changes and considerations for each of the CPA Exam's four sections. Changes discussed below reflect the changing knowledge and skills required of nICPAs as identified in the PA research.

The CPA Exam Blueprints will retain the structure of the area, group, topic and representative task for each of the four sections. **Each change should be considered with reference to the existing CPA Exam Blueprints located at the link below.**

aicpa.org/becomeacpa/cpaexam/examinationcontent.html

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
1	I	B	3	AUD 8	<p>Group B: Ethics, independence and professional conduct. Topic 3: Requirements of the Government Accountability Office and the Department of Labor.</p> <p>Remove the application skill level content regarding independence rules and ethical requirements for the Government Accountability Office and independence rules for the Department of Labor as PA research indicates this is less relevant to nICPA practice. The Remembering and Understanding skill level content will be retained.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Accordingly, nICPAs will be assessed on a base knowledge level rather than the application of that knowledge.</p>
2	I	C	1	AUD 9	<p>Group C: Terms of engagement. Topic 1: Preconditions for an engagement.</p> <p>Remove the topic. PA research indicates that the content in this topic is generally not among procedures completed by nICPAs.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Current Topic 2: Terms of engagement and engagement letter will remain unchanged. nICPAs will continue to be assessed on identifying the factors affecting the acceptance or continuance of an audit or non-audit engagement.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
3	I	E	3	AUD 10	<p>Group E: Communications with management and those charged with governance. Topic 3: All other matters.</p> <p>Remove the topic. PA research indicates that the lack of specificity in the current CPA Exam Blueprint related to all other matters was not useful.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. The critical components of communication with management and those charged with governance are covered in the preceding topics, which will remain. Accordingly, the scope of the group would be limited to communications related to the planned scope and timing of an engagement and internal control related matters.</p>
4	I	F	-	AUD 11	<p>Group F: Communication with component auditors and parties other than management and those charged with governance.</p> <p>Remove the group. PA research indicates the content in this topic is beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Accordingly, the content tested in the current Group E: Communication with management and those charged with governance better aligns with nICPA practice.</p>
5	I	G	-	AUD 11	<p>Group G: A firm's system of quality control, including quality control at the engagement level.</p> <p>Revise the group. PA research indicates that firm-level quality control is beyond the scope of nICPA practice.</p> <p>The change will more narrowly focus on engagement level quality control, which is more aligned with nICPA practice.</p>
6	II	A	2	AUD 12	<p>Group A: Planning an engagement. Topic 2: Developing a detailed engagement plan.</p> <p>Remove the analysis skill level content on developing a detailed engagement plan. PA research indicates the analysis content tested is beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. The CPA Exam will continue to assess preparing and documenting an engagement plan, as well as supporting client request materials as these are the tasks commonly performed by nICPAs.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
7	II	B	1 and 2	AUD 12	<p>Group B: Understanding an entity and its environment. Topic 1: External factors, including the applicable financial reporting framework. Topic 2: Internal factors, including nature of the entity, ownership and governance structures and risk strategy.</p> <p>Expand the group to consider technology's impact on an entity.</p> <p>This change is proposed in response to the findings identified in the PA research, more specifically the understanding of the business and associated processes and the digital and data-driven mindset. The change would include emphasizing technology as an external factor in Topic 1 and expanding the content scope of Topic 2 to include understanding and documenting significant business processes, IT system infrastructure, and data flows (e.g., revenue, production, expenditures, payroll, etc.), identifying significant business processes and related IT systems, and how data generated from those business processes flows through the systems.</p>
8	II	C	1, 2, 3, and 4	AUD 13 and AUD 14	<p>Group C: Understanding an entity's internal control. Topic 1: Control environment and entity-level controls. Topic 2: Flow of transactions and design of internal controls. Topic 3: Implications of an entity using a service organization. Topic 4: Information Technology (IT) general and application controls.</p> <p>Revise topics in Group C to more broadly consider the control environment, significant business processes, and IT systems.</p> <p>This change is proposed in response to the findings identified in the PA research, more specifically understanding the business and associated processes and the digital and data-driven mindset.</p> <p>There are multiple components to this proposed change.</p> <p>Changes for Group C, Topic 1:</p> <ul style="list-style-type: none"> Revise content on identifying and documenting the significant components of an entity's control environment including its entity-level controls to include IT general controls and associated documentation from Group C, Topic 4. <p>Changes for Group C, Topic 2</p> <ul style="list-style-type: none"> Revise content on internal control walkthroughs and documenting the flow of transactions to include significant business processes and how they relate to the financial statements, including examples of types of documentation (i.e., flowcharts, process diagrams, etc.).

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
9	II	E	3	AUD 15	<ul style="list-style-type: none"> • Add content relating to obtaining an understanding of the IT systems that are used for financial reporting. • Revise content on identification and documentation of key controls to include manual controls, IT general controls, application controls, and how they relate to specific business processes and their impact on the financial statements. Add content on the effect of these controls on the completeness and reliability of data from Group C, Topic 4. • Revise content on evaluating internal controls and whether the internal controls are effectively designed and placed in operation to include the reference to manual and application controls. <p>Changes for Group C, Topic 3:</p> <ul style="list-style-type: none"> • Add content regarding SOC 1 (Type 2). <p>Changes for Group C, Topic 4:</p> <ul style="list-style-type: none"> • Remove the current topic and integrate concepts of IT general and application controls to Topics 1 and 2 above. <p>Group E: Identifying and assessing the risk of material misstatement, whether due to error or fraud, and planning further procedures responsive to identified risks. Topic 3: Further procedures responsive to identified risks.</p> <p>Add content regarding the use of audit data analytic techniques to identify transactions that may have a higher risk of material misstatement.</p> <p>This change is in response to the findings identified in Phase 1, more specifically the digital and data-driven mindset, including the use of audit data analytics.</p>
10	II	G	-	AUD 16	<p>Group G: Planning for and using the work of others, including group audits, the internal audit function and the work of a specialist.</p> <p>Remove content related to the use of the internal audit function. PA research indicates content on the use of the internal audit function is beyond the scope of nCPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Content related to the use of internal audit will be removed, and content related to using the work of an IT auditor will be added while maintaining current content on group auditors and using the work of other specialists.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
11	II	H	3	AUD 17	<p>Group H: Specific areas of engagement risk. Topic 3: Related parties and related party transactions.</p> <p>Eliminate analysis skill level content and focus on defining and identifying related parties. PA research indicates the content at the analysis skill level is beyond the scope of nICPA practice. This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. The CPA Exam will continue to assess procedures to identify related party relationships and transactions at the application skill level.</p>
12	III	A	-	AUD 18	<p>Group A: Understanding sufficient appropriate evidence.</p> <p>Revise group title to "Sufficient appropriate evidence."</p> <p>Expand the scope of Group A to include content focused on determining the sources of sufficient appropriate evidence and identifying procedures to validate the completeness and accuracy of data.</p> <p>This change is proposed in response to the findings identified in the PA research, more specifically understanding the business and associated processes and the digital and data-driven mindset. Content would be added on determining the sources of sufficient appropriate evidence and identifying procedures to validate the completeness and accuracy of data.</p> <p>Additionally, include content on the use of professional skepticism and judgment in analyzing corroborating or contradictory evidence and evaluating whether sufficient appropriate evidence has been obtained.</p>
13	III	B	-	AUD 18	<p>Group B: Sampling techniques.</p> <p>Revise group title to "General procedures to obtain sufficient appropriate evidence."</p> <p>This change is proposed in response to the findings identified in the PA research, more specifically the digital and data-driven mindset.</p> <p>Revise Group B and give it the new name "General procedures to obtain sufficient appropriate evidence." This group would include the existing content on sampling techniques. The concept of using automated tools and audit data analytics in audit sampling would be added. Add existing content found in the current Group C related to (i) inquiry of management (Group C, Topic 3), (ii) observation and inspection (Group C, Topic 4), and (iii) recalculation and reperformance (Group C, Topic 5) to this group. These topics are on page AUD 19. Additionally, content related to the use of automated tools and techniques related to recalculation would be added.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
14	III	C	-	AUD 18, AUD 19, AUD 20	<p>Group C: Performing specific procedures to obtain evidence.</p> <p>Revise group title to "Specific procedures to obtain evidence."</p> <p>This change is proposed in response to the findings identified in the PA research, more specifically the digital and data-driven mindset.</p> <p>Topics 3–5 were moved to Group B in the previous change. This revised Group C would include existing content related to (i) analytical procedures (Group C, Topic 1), and (ii) external confirmation (Group C, Topic 2).</p> <p>A new Topic will be added to Group C, titled "Audit data analytics." This new topic would include existing audit data analytic content from Topic 1 and Topic 6, such as identifying data needed to complete audit data analytics and analyzing results and outputs. Additionally, the scope of audit data analytics concepts would be expanded to include content on working with data sets and encompassing tasks requiring the use of Excel (i.e., sorting, classifying, summarizing, and comparing data). Further, content will be added related to analyzing the results of an audit data analytic procedure and understanding the significance of notable or unusual items. Given the changes being made to this Group C, Topic 6. All other procedures are proposed to be eliminated as its content is either moved, covered elsewhere, or lacks sufficient specificity.</p>
15	III	D	1	AUD 20	<p>Group D: Specific matters that require special consideration. Topic 1: Opening balances.</p> <p>Remove topic. PA research indicates that the CPA Exam does not need to assess the verification of opening balances as the concept is relatively straightforward.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs.</p>
16	III	D	2	AUD 20	<p>Group D: Specific matters that require special consideration. Topic 2: Investments in securities and derivative instruments.</p> <p>Revise topic by eliminating derivative content and focus on the testing of inputs and assumptions relating to the fair value of investments. PA research indicates the testing of derivatives in this context is beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Derivatives are beyond the scope of nICPA practice. PA research indicates the scope of nICPA practice includes the fair value of investments in securities as currently assessed.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
17	III	D	4	AUD 21	<p>Group D: Specific matters that require special consideration. Topic 4: Litigation, claims and assessments.</p> <p>Remove analysis skill level content from the topic. PA research indicates analyzing management's estimates of accruals for litigation, claims, and assessments are beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. This topic will now focus on performing procedures to identify litigation, claims, and assessments at the application skill level.</p>
18	III	D	5	AUD 21	<p>Group D: Specific matters that require special consideration. Topic 5: An entity's ability to continue as a going concern.</p> <p>Remove application skill level content from the topic. PA research indicates that performing procedures related to the assessment of management's evaluation and conclusion on an entity's ability to continue as a going concern was beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. The topic will now focus on identifying going concern factors and indicators.</p>
19	III	F	-	AUD 22	<p>Group F: Written representations.</p> <p>Remove the application skill level content and retain the content related to identifying the necessary representations. PA research indicates the content currently in the remembering and understanding skill level more closely aligns with nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. The CPA Exam will continue to assess the identification of the written representations that should be obtained from management or those charged with governance.</p>
20	III	G	-	AUD 22	<p>Group G: Subsequent events and subsequently discovered facts.</p> <p>Revise group title to "Subsequent events." Remove subsequently discovered facts content. PA research indicates subsequently discovered facts are beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. The CPA Exam will continue to assess procedures to identify subsequent events and if subsequent events are appropriately reflected in the financial statements and disclosures.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
21	IV	D	-	AUD 26	<p>Group D: Reporting on compliance.</p> <p>Remove the application skill level content related to the preparation of draft compliance reports. PA research indicates the preparation of compliance reports is less important to nCPA practice. This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. The CPA Exam will continue to assess the identification of the factors that the auditor or practitioner should consider when reporting on compliance.</p>
22	IV	E	5, 7, and 8	AUD 27	<p>Group E: Other reporting considerations. Topic 5: Single statements. Topic 7: Letters for underwriters and filings with the SEC. Topic 8: Alerts that restrict the use of written communication.</p> <p>Remove topics. PA research indicates the content assessed in these topics is beyond the scope of a newly licensed CPA practice.</p> <p>These changes are proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs.</p>
23	I	A, B, and C	-	BEC 7 and BEC 8	<p>Group A: Internal control frameworks. Group B: Enterprise risk management (ERM) frameworks. Group C: Other regulatory frameworks and provisions.</p> <p>Revise groups. This change is proposed in response to the findings identified in the PA research, more specifically understanding the business and associated processes and the digital and data-driven mindset.</p> <p>There are multiple components for this proposed change. First, for Group C: Other regulatory frameworks and provisions on page BEC 8, remove reference to other regulatory frameworks. The remaining Group C content will focus solely on the Sarbanes-Oxley Act of 2002 and will be moved to Group A: Internal control frameworks as a new topic; Group C as currently displayed would be removed. Including this content in Group A - Internal control frameworks is more logical and clearer.</p> <p>Add a new Group C, titled "Business processes and transaction level-risks and controls" to Area I to emphasize understanding the business processes, integrated with the technology enabling those processes. Process and transaction-level risks and controls from existing Area I, Groups A and B; Area IV, Group A - Topics 2 and 3, Group B - Topic 3, and Group C - Topic 1 would be moved to the new Area I, Group C. Content to be included in the new Group C would be describing business processes and flows of transactions including enabling technology, identifying opportunities to improve efficiency, identifying and designing transaction-level controls, use of</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
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SOC 1 reports from service providers, identifying risks and control gaps, and using data and business intelligence in the context of an entity's significant business processes. Due to the foregoing proposed changes to the current content of Group A and a new Group C, rename Area I: Corporate Governance to Area I: Business Process, Risks, and Controls.

24	II	A and B	-	BEC 9	<p>Group A: Economic and business cycles – measures and indicators. Group B: Market influences on business.</p> <p>Revise groups. This change is proposed in response to the findings identified in the PA research, more specifically understanding the business and associated processes.</p> <p>Revise Area II, Groups A and B by removing general macroeconomic content allowing more focus on how economics, business cycles, and market influences more directly impact industries and business entities. For example, remove general macroeconomic content such as calculating GDP, Aggregate Demand Curve, and Money Supply in Group A and analysis of impacts on the overall economy in Group B.</p>
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25	III	A	-	BEC 11	<p>Group A: Capital structure.</p> <p>Remove the analysis content from the group.</p> <p>PA research indicates that comparing and contrasting the strategies for financing new business initiatives and operations is beyond the scope of nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Accordingly, this change would more closely align with nICPA practice and allow more focus on describing an entity's capital structure and calculating the cost of capital.</p>
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26	IV	A	1	BEC 13	<p>Group A: Understanding of information technology (IT). Topic 1: Organization and governance.</p> <p>Add content to the topic on understanding the need for SOC 1 reports for outsourced IT functions.</p> <p>This change is in response to the findings identified in the PA research, more specifically, reliance on SOC 1 reports.</p>
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Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
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27 IV A 3 BEC 13

Group A: Understanding of information technology (IT). Topic 3: Data.

Change the current Topic 3 - Data to be a Group of its own and add content related to working with data.

This change is in response to the findings identified in the PA research, more specifically the digital and data-driven mindset.

This new Group on data would include expanded content on data management, data governance, and data relationships. Additionally, the Group would include content related to extracting and loading data at the remembering and understanding skill level and content related to transforming and working with data and data relationships at the application skill level.

28 IV B 2 BEC 13

Group B: Risk associated with IT. Topic 2: System development and maintenance.

Narrow the focus of the topic and revise the skill level from application to remembering and understanding.

This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs.

Revise this topic to focus on recalling concepts related to controls over software changes at the remembering and understanding skill level rather than the application skill level. This change would more closely align with nICPA practice.

29 IV C 4 BEC 15

Group C: Controls that respond to risks associated with IT. Topic 4: Continuity and recovery plans.

Broaden the topic and revise the skill level from application to remembering and understanding.

This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs.

Revise this topic to focus on recalling concepts related to business resiliency. Business resiliency integrates crisis management and business continuity. The revised content will be at the remembering and understanding skill level rather than the application skill level. This change would more closely align with nICPA practice.

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
30	I	B	8	FAR 9	<p>Group B: General-purpose financial statements: for-profit business entities. Topic 8: Discontinued operations.</p> <p>Remove the topic and add discontinued operations as an example to the multiple-step income statement task statement in Area I, Group B, Topic 2.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. As proposed, the CPA Exam will assess discontinued operations in the context of a multiple-step income statement.</p>
31	I	B	9	FAR 9	<p>Group B: General-purpose financial statements: for-profit business entities. Topic 9: Going concern.</p> <p>Remove the topic. PA research indicates that this topic is beyond the scope of nCPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Remove recalling the requirements for disclosing uncertainties about an entity's ability to continue as a going concern from management's perspective. The CPA Exam will continue to assess concepts related to going concern in the AUD section.</p>
32	I	E	-	FAR 11	<p>Group E: Financial statements of employee benefit plans.</p> <p>Limit the scope of content assessed. PA research indicates that the assessment of defined benefit pension plans beyond basic concepts is not within nCPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Remove content on the preparation of a statement of changes in net assets available for benefits and a statement of net assets available for benefits for defined benefit pension plans (defined contribution plan content would be retained). The CPA Exam will continue to assess content on the identification of the required financial statements for defined benefit pension plans.</p>
33	II	K	1	FAR 18	<p>Group K: Compensation and benefits. Topic 1: Compensated absences.</p> <p>Remove the topic and limit the scope of the content assessed to vacation accruals under Area II, Group G, Payables and accrued liabilities. PA research indicates that this topic is less important to nCPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. It is relevant to continue to assess vacation accruals, which more logically fits in Area II, Group G.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
34	II	K	2	FAR 18	<p>Group K: Compensation and benefits. Topic 2: Retirement benefits.</p> <p>Remove the topic. PA research indicates that this is beyond the scope of nICPA practice as there has been a significant decline in the offering of defined benefit plans.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs.</p>
35	III	D	-	FAR 20	<p>Group D: Derivatives and hedge accounting (e.g., swaps, options, forwards).</p> <p>Remove application skill level content. PA research indicates that this topic is less important to nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Derivatives and hedge accounting may be overly complex for nICPAs as they only need to understand the basics of these instruments. Limit the scope of this group by removing content related to preparing journal entries for hedging transactions and for derivative financial instruments (swaps, options, and forwards).</p>
36	III	L	-	FAR 23	<p>Group L: Differences between IFRS and U.S. GAAP.</p> <p>Remove the group. PA research indicates that this content is less important to nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Accordingly, remove this group as the knowledge of IFRS is client-specific, primarily foreign entities or their affiliates, and not appropriate for nICPAs. Additionally, IFRS has not been adopted for U.S. public companies as had been expected when IFRS initially was included on the CPA Exam.</p>
37	IV	B	1	FAR 24	<p>Group B: Format and content of the financial section of the comprehensive annual financial report (CAFR). Topic 1: Government-wide financial statements.</p> <p>Remove application skill level content. PA research indicates that this topic is less important to nICPA practice. The changes proposed throughout Area IV are intended to simplify the content assessed in this specialized area of practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nICPAs. Limit the scope of this topic by focusing on identifying and recalling basic concepts and principles associated with government-wide financial statements (e.g., required activities, financial statements, and financial statement components).</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
38	IV	B	2, 3, and 4	FAR 24, FAR 25, and FAR 26	<p>Group B: Format and content of the financial section of the comprehensive annual financial report (CAFR). Topic 2: Governmental funds financial statements. Topic 3: Proprietary funds financial statements. Topic 4: Fiduciary funds financial statements.</p> <p>Remove application skill level content and combine these topics into a new topic titled "Fund financial statements." PA research indicates that this topic is less important to nICPA practice. The changes proposed throughout Area IV are intended to simplify the content assessed in this specialized area of practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. This new topic will focus on the basic concepts and principles associated with the governmental fund, proprietary fund, and fiduciary fund financial statements, but will not include the preparation of specific statements.</p> <p>Additionally, the scope of the content on deriving the government-wide financial statements and reconciliation requirements currently in Group C on page FAR 26 will be limited to recalling basic concepts at the remembering and understanding skill level and moved to a separate topic in Group B. There will no longer be a separate Group C.</p>
39	IV	D	1, 2, 5, and 8	FAR 27 and FAR 28	<p>Group D: Typical items and specific types of transactions and events. Topic 1: Net position and components thereof. Topic 2: Fund balances and components thereof. Topic 5: Interfund activity, including transfers. Topic 8: Special items.</p> <p>Remove the application skill level content in Topics 1, 2, and 5 and move the remembering and understanding skill level content to the appropriate government-wide and governmental fund financial statement topics in Group B. Remove Topic 8. The changes proposed throughout Area IV are intended to simplify the content assessed in this specialized area of practice.</p> <p>The content will focus on recalling basic financial reporting concepts on net position, fund balances, and interfund activity.</p> <p>In addition, limit the content of Area IV, Group D, Topics 3, 4, 6, 7, and 9 by not testing the preparation of journal entries for specific types of transactions.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
40	II	C	1, 2, and 3	REG 9 and REG 10	<p>Group C: Debtor-creditor relationships. Topic 1: Rights, duties and liabilities of debtors, creditors and guarantors. Topic 2: Bankruptcy and insolvency. Topic 3: Secured transactions.</p> <p>Limit the scope of the content to the basic concepts related to debtor and creditor relationships, bankruptcy and insolvency, and secured transactions. PA research indicates that these topics are less important to nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Remove the application skill level content from Topics 2 and 3. The content in Topic 1 and the remembering and understanding skill level content from Topics 2 and 3 will be combined in Group C. There will no longer be separate topics in Group C. This change better aligns to nICPA practice.</p>
41	II	D	1	REG 10	<p>Group D: Government regulation of business. Topic 1: Federal securities regulation.</p> <p>Remove the topic. PA research indicates that this topic is less important to nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Accordingly, remove this topic as the concepts related to a CPA's liability under the '33 and '34 Acts are not essential to nICPA practice. The CPA Exam will continue to assess SEC reporting requirements in the FAR section.</p>
42	III	C	1, 2, and 3	REG 14	<p>Group C: Estate and gift taxation. Topic 1: Transfers subject to gift tax. Topic 2: Gift tax annual exclusion and gift tax deductions. Topic 3: Determination of taxable estate.</p> <p>Limit the scope of the content to the basics of gift taxation and remove content on estate taxation. PA research indicates that these topics are less important to nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Accordingly, combine the basic gift taxation content at the remembering and understanding and application skill levels in Group C. There will no longer be separate topics in Group C, and it will be renamed Gift taxation. The content will focus on identifying gift tax deductions and exclusions and calculating and classifying gifts for federal tax purposes. Recent tax law changes have reduced the number of federal estate tax returns prepared and filed. Federal estate tax returns filed are limited in number and complex in nature, further limiting the applicability of this topic to nICPA practice. The CPA Exam will continue to assess concepts related to an individual's tax basis of an asset received from a decedent.</p>

Change number	Area	Group	Topic	Blueprint page number	Change description and rationale
43	IV	H	-	REG 17	<p>Group H: Alternative minimum tax (AMT).</p> <p>Remove the group. PA research indicates that this group is less important to nICPA practice. This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Recent tax law changes enacting higher AMT exemptions and reducing the adjustments required to calculate AMTI further limit the applicability to nICPA practice.</p>
44	V	C	2	REG 19	<p>Group C: C Corporations. Topic 2: Net operating losses and capital loss limitations.</p> <p>Remove analysis skill level content. PA research indicates that this topic is less important to nICPA practice</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Given recent tax law changes that net operating losses cannot be carried back and never expire, the analysis skill associated with this topic is no longer critical to nICPA practice. The CPA Exam will continue to assess net operating loss content at the application skill level as it best aligns with nICPA practice.</p>
45	V	G	2 and 3	REG 25	<p>Group G: Trusts and estates. Topic 2: Income and deductions. Topic 3: Determination of beneficiary's share of taxable income.</p> <p>Remove the topics. PA research indicates that these topics are less important to nICPA practice. This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Accordingly, the content in Topic 1 will become a separate group and will focus on recalling basic concepts related to the types of trusts (simple and complex trusts).</p>
46	V	H	2 and 3	REG 25	<p>Group H: Tax-exempt organizations. Topic 2: Obtaining and maintaining tax-exempt status. Topic 3: Unrelated business income.</p> <p>Remove Topic 2 and limit the scope of Topic 3. PA research indicates that these topics are less important to nICPA practice.</p> <p>This change is proposed to focus the CPA Exam on assessing the critical knowledge and skills needed by nCPAs. Accordingly, focus the content in Group H on recalling the types of tax-exempt organizations and the concepts of unrelated business income. Topic 2: Obtaining and maintaining tax-exempt status will be removed and the scope of Topic 3 will be limited to assessing the understanding of unrelated business income for a tax-exempt organization rather than calculating it.</p>

Practice Analysis Process

Goal of Licensure

The goal of licensure is protection of the public interest, or more specifically, providing the public with assurance that those individuals who are licensed possess a sufficient level of knowledge and skills necessary for safe and effective practice. The qualifications for licensure generally include educational requirements, some type of supervised experience, and the passing of an exam assessing the knowledge and/or skills required for competent performance.³ Some form of practice analysis is typically used as the basis for identifying and supporting the knowledge and skills necessary for competent performance.⁴

Process

Practice or job analysis refers to a variety of systematic procedures designed to obtain descriptive information about the tasks performed on a job and/or the knowledge, skills, and abilities thought necessary to perform those tasks.⁵ A practice analysis is the primary mechanism for establishing the job-relatedness of decisions concerning licensure. That is, if licensure decisions can be linked directly to the outcomes of a practice analysis, they may be said to be job-related.

Similarly, if the content of a licensure exam/test can be linked directly to the outcomes of a practice analysis, the test may be said to be job-related, and inferences from test scores may be supported by arguments of content validity as related to the practice analysis.

The rationale that supports the content of a licensure exam is the demonstrable linkage that exists between the exam content and the performance domain of the associated occupation or profession. Professional standards and legal precedents recommend that a practice analysis include the participation of various SMEs⁶ and that the information collected be representative of the diversity within the occupation.⁷ Diversity refers to regional or job context factors and to SME factors such as race or ethnicity, experience, and gender. The practice analysis conducted to define the performance domain for nCPAs was designed to be consistent with the Standards for Educational and Psychological Testing (AERA, APA, & NCME, 2014); General Requirements for Bodies Operating Certification of Persons (Organization for Standardization, 2003); Standards for the Accreditation of Certification Programs (NCCA, 2002) and current professional practice.

³ American Educational Research Association [AERA], American Psychological Association [APA], and the National Council for Measurement in Education [NCME], 2014.

⁴ AERA, APA, & NCME, 2014 National Commission for Certifying Agencies [NCCA], 2002; Raymond & Neustel, 2006.

⁵ (Arvey & Faley, 1988; Gael, 1983; Raymond & Neustel, 2006).

⁶ (Mehrens, 1987; NCCA, 2002; Raymond & Neustel, 2006).

⁷ (Kuehn, Stallings, & Holland, 1990).

Project Organization

Overview of the Practice Analysis Methodology

Phase 1 — Firm Meetings and Focus Groups

Firm Meetings

To initially explore how technology is impacting public accounting firms and nCPA practice, the AICPA met with 13 public accounting firms of various sizes including Big 4, national, and smaller firms. The purpose of these meetings was to ascertain, from the firms' professional services methodology and training leaders, the impact that technology is having on the delivery of professional services. The AICPA specifically inquired about the following:

- How important is a data/digital mindset to the work of nCPAs?
 - What technology skills do nCPAs need in their roles?
 - Are Excel skills or other software skills needed?
 - How does the firm utilize audit data analytics on engagements and what tasks are performed by nCPAs?
 - What tasks are expected of nCPAs regarding data analytics (extracting, transforming, loading, and subsequent analysis)?
 - What technology, systems, and business environments are affecting the work of nCPAs now or in the near term?
 - What is the level of SOC and cybersecurity work in which the firm engages?
 - Has robotic process automation (RPA), machine learning and artificial intelligence, blockchain, or cloud computing changed the skills required of a nCPA?
- How important are critical thinking, professional judgement, problem-solving, and professional skepticism to the work of nCPAs?
- What level of knowledge and skills of business processes and systems understanding are required of nCPAs?

The themes emerging from the firm meetings included:

- Critical thinking and problem-solving skills are paramount.
- A foundation in the understanding of auditing, accounting, taxation, controls, and general business is critical.
- Understanding the business, including information systems and business processes, is critical.
- Digital acumen including a data/digital mindset is critical.
- Excel skills are essential.
- Increased understanding of SOC 1 reports are required given the growth in reliance placed on these reports due to changes in how clients are outsourcing accounting systems and storing data in the cloud.
- Multiple firms indicated nCPAs are required to exhibit higher-order skills earlier in their careers given the advances in technology, the sophistication, and complexity of business systems, and the globalization of business.

In order to further explore the themes identified in the firm meetings and explore other themes regarding technology and nCPA practice, the AICPA conducted eight focus groups with direct supervisors of nCPAs.

Focus Groups

The AICPA contracted with American Institutes for Research (AIR) to develop the protocol and lead the questions and discussions for the eight virtual focus groups. The purpose of the focus groups was to further explore the themes discovered in the firm meetings and to identify any other technology or business trends that are affecting nCPA practice. The format of the focus groups was similar to the firm meetings and explored the following high-level questions:

- How important is a data/digital mindset to the work of nCPAs?
- How important are critical thinking, professional judgment, problem-solving, and professional skepticism to the work of nCPAs?
- What level of knowledge and skills of business processes and systems understanding are required of nCPAs?

The focus groups were organized by public accounting firm size and included one focus group for the Big 4, three focus groups for large firms, and two focus groups for small firms. Additionally, there was one focus group for business and industry and government, and one focus group with CPAs with state board regulatory experience. The focus group participants represented a wide range of public practice including public practice of audit, attestation, and accounting services, public practice of taxation, and not-for-profits. Additionally, the business and industry and government focus group participants represented controllership roles, internal audit, corporate taxation, and governmental accounting and taxation. Across the eight focus groups, 81 CPAs participated. AIR provided a final report following the completion of the focus groups.

The themes emerging from the focus groups further confirmed the findings from the firm meetings. The AICPA analyzed the firm and focus group themes and identified the findings that are summarized in the Overall Findings section. These findings are fundamental to the proposed changes and reorganization throughout the AUD and BEC sections of the CPA Exam.

Phase 2 – Content Rating Panels

In an effort to explore the critical knowledge and skills needed for nCPAs in their role in protecting the public interest, the AICPA and AIR developed a process and protocol to rate the most and least important groups and topics within each section of the current CPA Exam Blueprint. Similar to Phase 1, AIR led rating panels and data collection and provided a final report to the AICPA.

The purpose of the content rating panels was to have direct supervisors of nCPAs rate the most and least important groups and topics by area within each section Blueprint of the CPA Exam. This was done to determine if there was agreement or convergence in identifying content that could be considered for potential removal from the CPA Exam to further refine the critical knowledge and skills needed for nCPAs in their role in protecting the public interest.

Participants for the content-rating panels were sent pre-panel work, which included specific instructions on the overall objective of the panels, a review of the current CPA Exam Blueprint for the section under consideration, information on how to do the ratings, and an example rating. By completing the pre-panel work prior to joining the panel session, participants were able to familiarize themselves with the Blueprint layout and content prior to the panel sessions.

Given the focus on finding convergence on the groups and topics most and least important to the work of nCPAs, each panel participant was asked to identify one-third of the groups and topics that they considered most important and one-third of the groups and topics that they considered least important. For example, for the first area of the AUD section (i.e., Area I: Ethics, Professional Responsibilities and General Principles), participants reviewed 15 topics in total (indicated by 12 topics under four groups, plus three groups with no topics) and were asked to identify the five most important topics and the five least important topics in this Area. This approach of identifying approximately one-third of the topics that are the most important and one-third that are the least important was anticipated to be less difficult cognitively compared to sequentially ranking each topic from most to least important, particularly in areas that contain many topics.

During the panel, participants were asked to provide three rounds of independent ratings for each area with two rounds of discussions between the ratings (i.e., discussion after Round 1 ratings and discussion after Round 2 ratings). The ratings were entered using a spreadsheet the remote participants could access via a link provided. Once the participants completed their ratings for Round 1, the ratings were archived, and then aggregated results of the ratings were displayed. This summary of results highlighted the groups and topics that were identified as least important by between 30% and 70% of the participants. The participants were then prompted by AIR facilitators to discuss their ratings for these highlighted topics and share their rationales for why a group or topic was among the least important (or not) to see if their rationales resonated with others or might potentially sway others' ratings for the next round.

Groups and topics that were rated as the least important by either less than 30% or more than 70% of the participants were not discussed because participants had already reached a significant level of agreement. Once the discussion was concluded, the participants were asked to do a second round of rating by keeping the discussion in mind to see if the group reached a higher level of convergence. The results of Round 2 ratings were discussed in a similar fashion as the post-Round 1 discussion. The review of each area concluded with a third and final round of ratings.

After completing their third round of ratings, the participants were asked to provide an overall confidence rating to indicate how confident they were in their ratings for the whole area using a 5-point Likert scale with options ranging from 1= Strongly disagree to 5= Strongly agree. Once the participants entered their confidence rating for the area, the AIR facilitator asked participants to exit the spreadsheet and click on the link for the new sheet for the next area. The panel concluded once all areas were reviewed and the three rounds of ratings with the overall confidence rating for each area were provided.

In total, AIR led eight virtual rating panels (two for each section of the CPA Exam), with an average of 18 CPAs in each virtual rating panel. Nearly 150 CPAs participated in the virtual rating panels. The rating panel participants represented a wide range of public practice including public practice of audit, attestation, and accounting services; the public practice of taxation and not-for-profit. Additionally, CPAs from business and industry and government representing controllership roles, internal audit, corporate taxation, and governmental accounting participated as well. Confidence rankings were very strong (greater than 4.4 on a 5-point scale) across all CPA Exam sections and areas with the exception of FAR Area IV State and Local Governments, which had a confidence ranking of 3.1 on a 5-point scale. The AICPA believes the low ranking in State and Local Governments may be directly related to the specialized nature of this content. See further discussion of FAR Area IV in the ITC.

The results of the ranking panels, and the aforementioned Phase 1 results were presented to each of the AICPA's content subcommittees for further review and discussion. These exam content SMEs determined the content to be added, removed, or changed in the CPA Exam Blueprints, including decisions to change the cognitive skill level at which topics are assessed.

The proposed changes sent to the Phase 3 confirmation panels were inclusive of the changes described in Phases 1 and 2 and were supported by the BOE, Content Committee, and content subcommittees.

Phase 3 – Confirmation Panels

A confirmation panel was held for each CPA Exam section, and similar to Phases 1 and 2, CPAs from across the profession (direct supervisors of nICPAs) rated their level of agreement with the proposed changes in a virtual meeting. AIR developed a process and protocol and led the confirmation panels and data collection and provided a final report to the AICPA.

In advance of each section's confirmation panel, participants received the current CPA Exam section Blueprint and a narrative of the PA process to date. Because the methodology for Phase 3 relies heavily on the participants fully understanding the process, AIR did not ask the participants to complete practice ratings prior to the confirmation panels.

The confirmation panels began with a thorough review of the project background, efforts to date, and the objectives for the current confirmation panels (e.g., gathering agreement ratings for the proposed changes). After the background information was presented, instructions were given to participants on how to navigate and enter their ratings using a spreadsheet the remote participants could access via a link provided. Once participants had an understanding of the PA and CPA Exam Blueprint review process, the participants entered a numerical rating indicating how well they understood the training. AIR would follow up generally with the group if participants indicated they did not understand the background information and instructions.

After the background information and instructions, the rating on the proposed changes began with AIR presenting the proposed changes and the AICPA observing to answer any content-related questions regarding the change. The participants were then asked to enter their level of agreement with each of the proposed changes within the area on a four-point scale (i.e., Strongly Disagree (1), Disagree (2), Agree (3), Strongly Agree (4)). After participants provided ratings for a proposed change, discussion began on any proposed change for which the average rating was less than 3.0 or the standard deviation of ratings was larger than 1.0, indicating some disagreement with the proposed change and variation among the participants in terms of agreement ratings. Specifically, participants were asked to share their rationale regarding the ratings they had provided. This discussion allowed participants to provide their points of view and potentially change their point of view based on peer input. After discussing areas of disagreement, the participants were asked to provide a second and final rating of their level of agreement with each change. After all of the proposed changes for an area were indicated, the participants were asked to rate their overall confidence in their final ratings for the area.

Confidence rankings were very strong (greater than 4.5 on a 5-point scale) across all CPA Exam sections and areas. This process was repeated until all of the changes were reviewed, and confidence ratings

were obtained. Prior to completion, participants were given a final opportunity to provide overarching comments. This process resulted in both qualitative and quantitative data that can be used to support the validity of changes to the CPA Exam Blueprint.

In total, AIR led four virtual confirmation panels (one for each section of the CPA Exam), with an average of 15 CPAs in each virtual confirmation panel. Nearly 60 CPAs participated in the virtual confirmation panels. The confirmation panel participants represented a wide range of public practice including public practice of audit, attestation, and accounting services, public practice of taxation, and not-for-profit. Additionally, CPAs from business and industry and government representing controllership roles, internal audit, corporate taxation, and governmental accounting participated as well.

The results of the confirmation panels were presented to each of the AICPA's content subcommittees for further review and discussion. Based on the ratings, these exam content SMEs determined to add, retain, or remove topic content, or alternatively, to change the cognitive skill level at which topics are assessed. The final changes are outlined in this document in the Proposed Exam Changes section and are supported by the BOE, Content Committee, and content subcommittees.

Board of Examiners

Jeffrey Hoops, Chair*

Diego Baca

Douglas Behn*

Barry Berkowitz*

Helen Brown-Liburd

Ying (Alison) Cheng

Allan Cohen

Jimmy Corley*

Evan L. DeFord*

David de Silva

James D. Gottfried

Sheldon Holzman

Audrey Katcher*

Erica Nelson

Kathleen J. Smith

Michael Watts

Thomas Weirich

James A. Wollack

* Denotes member of the BOE Practice Analysis Sponsor Group (Audrey Katcher – Chair)

Invitation to Comment

The ITC presents items for consideration that require additional research and investigation and thus will require additional time to define and implement. Depending on the nature of the comments received in response to this ITC, the AICPA will pursue additional research to determine how and when these matters may be implemented in the CPA Exam. It is likely that changes, if any, resulting from the ITC would not be implemented before 2022.

BEC – Essay Question (Written Communication)

Introduction

The BEC section of the CPA Exam is currently four hours and assesses knowledge and skills across five areas using multiple-choice questions (MCQs), task-based simulations (TBSs), and written communication questions. The written communication questions represent 15% of the total score weighting in BEC (and approximately one hour of testing time), while MCQs and TBS represent 50% and 35%, respectively.

The written communication question format requires candidates to draft a memo or letter in response to a question or prompt. The assessment of the written communication question focuses on a candidate's writing ability (e.g., organization, grammar, punctuation, word usage, capitalization, spelling, and whether the response is on-topic). **The written communication question does not assess the technical accuracy of the subject matter contained in a candidate's response.**

Issue description

The AICPA is revisiting the role that the assessment of written communication should have on the CPA Exam. The responses received to the 2014 Invitation to Comment, and through the current PA research, make it clear that stakeholders want the written communication question format in the CPA Exam to measure not just writing ability, but that combined with content knowledge and higher-order accounting, auditing and taxation skills including research, subject-matter knowledge, judgment, and skepticism.

Based on meetings between the AICPA and leading automated scoring vendors and an understanding of what other high-stakes testing organizations use, the BOE concluded in 2016 that it was not feasible to use automated essay scoring for assessing writing ability combined with higher-order skills. The use of the written communication question format to assess knowledge and skills other than or in addition to writing ability would have required the use of manual scoring by human readers/graders. Reverting to all manual scoring would have caused the time for score release to be unacceptably long and the cost to candidates to be too high. Therefore, the updated CPA Exam that launched in 2017 continued to use automated scoring to assess only writing ability. Based on discussions with automated scoring vendors in 2018 and 2019, the AICPA believes that automated essay scoring technology has not yet advanced to a point where it could score CPA Exam content and higher-order skills as noted above.

The CPA Exam assesses a candidate's readiness for initial licensure. It is one of the "Four E's" (Education, Examination, Experience and Ethics), required for licensure as a CPA. The education and experience components inherently assess the use of writing to communicate complex information through an emphasis on, among other things, case studies, reports, and presentations. Similarly, interpersonal skills, oral communication, listening, and working as a team are evaluated through the education and experience components and have never been assessed on the CPA Exam.

The current written communication question only assesses basic writing skills and not in the context of accounting, auditing, and taxation knowledge and skills including research, judgment, and skepticism, which were indicated as critical to nCPAs in the past and current PA. Additionally, the current written communication question does not assess the technical accuracy of the subject matter contained in a candidate's response.

AICPA acknowledges the importance of written communication within the profession. However, given the limitations of the current assessment and

the minimal impact of written communication on a candidate's overall BEC score (15%), the AICPA is recommending removal of the written communication question format from the CPA Exam.

Invitation to comment

Given the considerations above, do you agree or disagree with the recommendation to remove the essay question (written communication question)? Please provide your rationale.

FAR – Accounting for State and Local Governments

Introduction

The FAR section of the CPA Exam is currently four hours and assesses knowledge and skills across four areas. Area IV, State and Local Governments, is tested at the remembering and understanding and application skill levels and is allocated 5–15% of content to be assessed for the entire FAR section.

Issue description

The preparation of financial statements for state and local governments is an area of public practice that requires specialized content knowledge and experience. These engagements are typically performed by firms or separate practice groups within firms that specialize in state and local governments. Area IV tests a nICPA's basic understanding and application of financial accounting and reporting requirements for state and local governments.

Given the specialized nature of these engagements, a large majority of nICPAs are required to have very limited or no knowledge of financial accounting and reporting requirements for state and local governments. Conversely, the FAR section of the CPA Exam currently has an entire Area committed to the assessment of the basic financial accounting and reporting requirements for state and local governments.

For those nICPAs assigned to work in the state and local government practice, they typically receive a significant amount of on-the-job training under the close supervision of individuals who have specialized content knowledge and experience. Additionally, CPAs working on engagements conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) are subject to specific continuing professional education requirements.

Upon deciding to specialize in the state and local government practice, a CPA may pursue additional credentials or certifications that establish competency in governmental accounting, auditing, financial reporting, internal controls, and budgeting at the federal, state, and local levels. These additional credentials are not required to work on GAGAS engagements, nor are they required by boards of accountancy, and support for them varies across employers in state and local government practice.

Given the specialized nature of the content assessed in FAR Area IV – State and Local Governments, the limited or non-applicability to a large majority of nICPAs, and the minimal impact of FAR Area IV on a candidate's overall score (15% maximum), the AICPA is considering removal of state and local government accounting content from the FAR section of the CPA Exam.

It should be noted that the CPA Exam more generally and broadly assesses critical thinking, risk assessment, problem-solving, and professional skepticism skills that are foundational to anyone who is working on a GAGAS engagement. The removal of this specialized content from the FAR section of the CPA Exam would enable the AICPA to place a greater emphasis on other content areas that directly impact a significant majority of nICPAs and better focus CPA Exam candidates' preparation efforts.

Invitation to comment

Given the considerations above, should accounting for state and local governments continue to be assessed on the CPA Exam? Please provide your rationale.



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National Association of State Boards of Accountancy, Inc.
Meeting of the Board of Directors
October 25, 2019 – Westin Copley Place, Boston, MA

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 Janice L. Gray at 9:04 a.m. on Friday, October 25, 2019 at the Westin Copley Place in Boston, MA.

2. Report of Attendance

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

Officers

Janice L. Gray, CPA (OK), Chair
Laurie J. Tish, CPA (WA), Vice Chair
Theodore W. Long, Jr., CPA (OH), Past Chair
W. Michael Fritz, CPA (OH), Secretary
Jimmy E. Burkes, CPA (MS), Treasurer

Directors-at-Large

J. Coalter Baker, CPA (TX)
A. Carlos Barrera, CPA (TX)
Maria E. Caldwell, CPA (FL)
John F. Dailey, Jr., CPA (NJ)
Sharon A. Jensen, CPA (MN)
Richard N. Reisig, CPA (MT)

Regional Directors

Catherine R. Allen, CPA (NY), Northeast Regional Director
Andy Bonner, CPA (TN), Southeast Regional Director
C. Jack Emmons, CPA (NM), Southwest Regional Director
Sheldon P. Holzman, CPA (IL), Great Lakes Regional Director
Faye D. Miller, CPA (ND), Central Regional Director
Nicola Neilon, CPA (NV), Mountain Regional Director
Katrina Salazar, CPA (CA), Pacific Regional Director
Michael H. Womble, CPA (NC), Middle Atlantic Regional Director

Executive Directors' Liaison

Richard C. Carroll, Esq. (KY) – 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, Chief Communications Officer
Noel L. Allen, Esq., Outside Legal Counsel

Guests

Tyrone E. Dickerson, CPA (VA), Director-at-Large Nominee
Alison L. Houck, CPA (DE), Middle Atlantic Regional Director Nominee
Stephen F. Langowski, CPA (NY), Northeast Regional Director Nominee
Jason D. Perry, CPA (ID), Mountain Regional Director Nominee
Kenya Y. Watts (OH), Great Lakes Regional Director Nominee

Member Absent

Stephanie M. Saunders, CPA (VA), Director-at-Large

3. Welcome

Chair Gray welcomed and asked all to introduce themselves. She reported Grace Berger, executive director of the Montana Board of Public Accountants, would be acting as the executive directors' liaison to the 2019-2020 Board of Directors but was not present at this meeting.

4. Approval of Minutes

The minutes of the July 26, 2019 Board of Directors meeting were presented by Secretary Mike Fritz. A motion to accept the minutes as presented was made by Jack Dailey and seconded by Andy Bonner. All approved via voice vote.

5. Report of the Chair

Chair Gray reported that the Executive Committee had held a lengthy discussion regarding the CPA Evolution initiative, which would be discussed further in this meeting. Also, the Executive Committee considered the need for additional experience for those who take responsibility for the signing of audit and examination reports. They also heard a report on President Ken Bishop's activities over the last quarter. Chair Gray reported she had attended the AICPA Council meeting the previous week and found it quite enlightening.

The AICPA/NASBA leadership summit was held on September 27 in New York City, which focused on the CPA Evolution project as well, Ms. Gray reported. She had worked on nominations of State Board representatives to external (non-NASBA) boards and committees and those she expects will be finalized shortly.

Mr. Bonner moved to recess the Board meeting and Sheldon Holzman seconded. All approved.

6. Center for the Public Trust

Maria Caldwell moved to open the Center for the Public Trust Board meeting and Mr. Fritz seconded. All approved.

NASBA Chair Gray reported the CPT Board had recommended that Jim Burkes continue to serve as a member of that board. Richard Reisig moved to reappoint Mr. Burkes to the CPT Board and Carlos Barrera seconded. Mr. Burkes said serving on the CPT Board had been a blessing and made him proud. All approved the reappointment of Mr. Burkes.

Mr. Holzman made a motion to adjourn the meeting of the CPT and Mr. Barrera seconded. All voted to adjourn the CPT meeting.

Chair Gray reconvened the meeting of the NASBA Board.

7. Report of the President

President and CEO Ken L. Bishop and Executive Vice President and COO Colleen K. Conrad reported the following to the Board:

- NASBA Vice President – Strategic Planning and Program Management Ed Barnicott retired in September. His portfolio has been bifurcated between Chief Sourcing and Strategy Officer Cheryl Farrar and Associate Director of Program Management James Polite. Ms. Farrar will oversee strategic planning and Mr. Polite will be handling program management related to the Uniform CPA Examination.
- President Bishop continues to meet with each employee at a small group luncheon at least once a year, giving him an additional opportunity to receive recommendations from the staff. The staff also participated in the Dragon Boat Festival for Clean Water on the Cumberland River. The annual health fair was held in the Nashville office.
- The Board of the Tennessee Chapter of the National Association of Black Accountants held a meeting in NASBA's Nashville conference space.
- NASBA continues to be supportive of the Public Company Accounting Oversight Board. Kathleen Hamm, who was scheduled to speak at the 2019 NASBA Annual Meeting was not reappointed as a member of the PCAOB and PCAOB Chief Auditor and Director of Professional Standards Megan Zietsman will speak in her place.
- Five NASBA staff members attended the American Accounting Association's annual meeting in August where NASBA had a booth providing information on its programs. Ms. Conrad addressed the AAA audience and CPT President Alfonzo Alexander spoke at the Beta Alpha Psi meeting held in conjunction with the AAA conference. Ms. Conrad will also be addressing the deans of accounting programs at the APLG meeting in February.
- The NASBA/AICPA International Qualifications Appraisal Board is close to completing a mutual recognition agreement with the Institute of Chartered Accountants of England and Wales. Information is also being shared with CPA Ireland.
- A temporary moratorium on bringing new jurisdictions into the CPE Audit Service has ended and additional jurisdictions are becoming part of the program.

- Delaware is in the process of being added to the Accountancy Licensee Database.
- The NASBA National Registry Summit was held in Indianapolis September 24-25. It was an excellent program for CPE course sponsors.
- NASBA staff and legal counsel continue to monitor jurisdictions' readiness for implementation of continuous CPA Examination testing and assist them as needed. On April 1, 2020, the decision will be made whether or not to launch continuous testing in July 2020.
- The current NASBA/AICPA/Prometric contract for the Uniform CPA Examination terminates on December 31, 2024 and negotiations of a possible new contract have commenced initially between AICPA and NASBA.
- NASBA Vice President State Board Relations Dan Dustin continues to attend Board meetings across the country. Boards are relying on NASBA for information on state legislation and support when needed. NASBA has thus far been 100 percent successful in helping defeat legislation that would have put a State Board in harm's way.
- At the NASBA/AICPA Summit in New York City, there was unanimous consensus of senior leadership on a possible model to address CPA Evolution. NASBA Vice Chair Laurie Tish and AICPA Chair Bill Reeb will present that model at the NASBA Annual Meeting.
- The Oregon Board of Accountancy received a letter from AICPA calling for a change to their law to permit those holding CPA-inactive status legislation to perform all professional services but audits. This concept is counter to the Uniform Accountancy Act, as jointly issued by the AICPA and NASBA. The Oregon Board decided to decline the AICPA's request. NASBA and AICPA are discussing how this letter was generated.
- A task force of the AICPA/NASBA UAA Committee has been working on a proposed firm requirement for additional experience for those who sign or authorize the signing of audit and examination reports.
- Student chapters of the Center for the Public Trust are now on 46 universities. The CPT is becoming less dependent on NASBA's financial support.

8. Report of the Vice Chair

Vice Chair Tish reported she had listened to the recent conference calls of the Communications Committee and the Regulatory Response Committee. She has finalized her committee assignments. Ms. Tish has participated in many meetings as part of the CPA Evolution project and the resulting proposed model was presented to the AICPA Council this past week. She said she was eager to see how the State Board representatives attending the Annual Meeting respond to the CPA Evolution's planning exercise to be administered during the Regional Breakfast Meetings on October 29.

9. Report of the Administration and Finance Committee

Treasurer Burkes reported the A&F Committee held its final call on September 6 when they went over the final internal reports. Then on October 16 the Investment Committee held

their final call and looked at the performance of the third quarter and identified open items that could be discussed by next year's committee.

Examination revenue was not where it had been projected to be, Mr. Burkes noted. Almost 40,000 Examination sections had been processed, but NASBA had budgeted for 46,000 sections to be processed in that time. Mr. Burkes said management has done an outstanding job in dealing with the reduced revenues. NASBA Chief Financial Officer and Senior Vice President Michael Bryant said the year ended \$151,000 negative from the projection. While revenue was down, operations did \$500,000 better than projected. Mission spending continued its upward trend, as reported on page 46 of the Annual Report. The \$1.2 million costs of restructuring IT included severance, retention bonuses, professional fees for consultants, legal costs, etc., which were included in total operating expenses in the audited financial statements.

10. Report of the Audit Committee

Audit Committee Chair Faye Miller referred the Board to the Audit Committee's report on page 52 of the Annual Report. No changes had been proposed to the committee's charter in the current year and the charge under the Bylaws was fulfilled, she stated. Form 990 was distributed to the NASBA and CPT Boards prior to being filed. The Audit Committee used a committee self-evaluation form that had been presented to them by CFO Bryant, and its continued use in future years was recommended. Catherine Allen made a motion to approve the consolidated audited financial statements and auditor's report thereon and Jack Emmons seconded. All approved.

A recommendation to the Board of Directors was made by the Audit Committee to reappoint LBMC as the independent auditor for the year ending July 31, 2020. Ms. Miller noted that there would be rotation in the engagement partner in charge for Fiscal 2020 audits. John Dailey moved to ratify the recommendation of the independent auditor appointment, which Ms. Allen seconded and all approved.

11. Report of the Continuing Professional Education Committee

CPE Committee Chair Carlos Barrera reported the changes being proposed for the CPE Standards had been developed via a process that began with the 2017-2018 CPE Committee led by Tyrone Dickerson. The changes proposed by a joint AICPA/NASBA CPE Standards Committee were approved for exposure by the NASBA Board in April, and subsequently 27 comments were received. These were considered and some revisions made, resulting in the document being brought to the NASBA Board at this time and to be brought to the AICPA for approval next week. Mr. Barrera made a motion the proposed revision of "The Statement on Standards for Continuing Professional Education Programs" and the "Fields of Study" document be approved. Mr. Burkes seconded and all approved.

12. Report of the NASBA/AICPA International Qualifications Appraisal Board

IQAB Chair Sharon Jensen presented a proposed mutual recognition agreement with the South African Institute of Chartered Accountants. To be eligible for coverage by this agreement, the Chartered Accountant must have completed a four-year baccalaureate plus a three-year

training program with an accredited training firm. Ms. Jensen observed this is one of the most straightforward agreements that the IQAB has developed. She made a motion that the agreement be approved, which was seconded by Mr. Emmons and all approved. Similar approval from the AICPA Board will be required.

Ms. Jensen also reported that a new mutual recognition agreement with the Institute of Chartered Accountants of England and Wales appears to be close to completion and she hopes to be able to present it to the NASBA Board in January. A renewal of the mutual recognition agreement with the Hong Kong Institute of CPAs that will run until 2022, when their new training program comes into effect, is also close to completion.

13. Report from Uniform Accountancy Act Committee

UAA Committee Chair Coalter Baker reported a joint task force of the AICPA/NASBA UAA Committee and the AICPA Professional Ethics Executive Committee met in July in Washington, DC, to consider how the international standards on NOCLAR (non-compliance with laws and regulations) could be converged with US standards, given the legal environment and varying laws within the United States. The joint task force had been agreed to by AICPA and NASBA leadership during a summit meeting.

The task force agreed NOCLAR could exist in several professional areas, but they would focus first on assurance services. They would ask the ASB to consider requiring a conversation between predecessor and successor auditors that would not require the client's permission, and the UAA Committee would work to amend the UAA to allow reporting out with no harm to the whistleblower. Requests from the PEEC to the ASB and the UAA Committee are expected, Mr. Baker said. Ms. Allen pointed out that building in protection for the auditors will need to be handled as a legal requirement at the state level.

The UAA task force working on adding experience for those signing reports or authorizing the signing of reports is being led by Stephanie Saunders, who is doing a great job Mr. Baker observed.

Mr. Baker moved for approval of the amended Article 7 of the UAA Model Rules. He thanked Mr. Dailey and Ms. Gray for their work with the Compliance Assurance Committee on the revisions to the Model Rules, which had been out for comment from January 2019 through the end of June 2019. Mr. Dailey seconded and all approved. Chair Gray thanked all who had been involved in this project.

14. Report from the Executive Directors Committee

ED Committee Chair Richard Carroll reported AICPA staff members Beth Thorensen, James Brackens and Gary Freundlich had met with a small group of State Board executive directors to discuss the peer review documents that are available to the State Boards via the AICPA's Facilitated Access Program. Mr. Carroll believes these conversations have moved toward the direction of getting the Boards the documents they want to see.

Mr. Carroll said he had not heard any negative feedback from the executive directors on the continuous testing concept. Some of the executive directors fear the CPA Evolution task force is going to be presenting another version of the dual pathways to licensure that was presented at the 2018 Regional Meetings, Mr. Carroll noted.

15. Report from the Compliance Assurance Committee

Compliance Assurance Committee Chair Dailey reported the committee had a discussion on August 16 and then a two-day meeting on September 17-18 in Nashville. Chapter 3 of the AICPA's guidance on its peer review program is still an ongoing issue. The CAC continues to talk to the AICPA about having an observer seat on their Peer Review Oversight Task Force.

16. Policy Discussion

Chair Gray explained how consensus on the CPA Evolution model to be presented at the Annual Meeting was reached at the AICPA/NASBA leadership summit meeting in September. The Regional Breakfast Meetings at NASBA's Annual Meeting will include a one-hour exercise to get input from the State Boards' representatives on the model.

Vice Chair Tish summarized the presentation on the CPA Evolution model that she would be giving with Bill Reeb on the first day of the Annual Meeting. This was followed by the NASBA Board members asking Ms. Tish questions on the proposal and offering their comments.

Mr. Baker discussed with the Board the recommendation for 2000 hours of audit and attestation experience over the last five years for those signing or authorizing signing of reports, and how such a requirement might need an extended period of enactment or other conditions before it is presented for the Boards' consideration. Pros and cons of the suggestion and missing details were raised by the Board members.

President Bishop reviewed the August 29 letter received by the Oregon Board from the AICPA. He is going to report on this issue at the Annual Meeting.

17. Thanks

Chair Gray thanked the outgoing Board members for their service to the Board, including Jim Burkes, John Dailey, Sheldon Holzman, Theodore Long, Nicola Neilon and Michael Womble, as well as the Executive Directors' Liaison Richard Carroll. They each thanked the other Board members and NASBA staff for the opportunity to work with them on difficult issues. Chair Gray was thanked for her leadership of the Board.

18. Future Meetings

Chief Communications Officer Thomas Kenny reminded the Board of Annual Meeting details and the schedule for the 2019-2020 meetings.

19. Adjournment

The meeting was adjourned at 3:26 p.m.

National Association of State Boards of Accountancy, Inc.
Meeting of the Board of Directors
October 29, 2019 – Westin Copley Place, Boston, MA

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 Laurie Tish at 12:05 p.m. on Tuesday, October 29, 2019 at the Westin Copley Place in Boston, MA.

2. Report of Attendance

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

Officers

Laurie J. Tish, CPA (WA), Chair
A. Carlos Barrera, CPA (TX), Vice Chair
Janice L. Gray, CPA (OK), Past Chair

Directors-at-Large

Catherine R. Allen, CPA (NY)
J. Coalter Baker, CPA (TX)
Maria E. Caldwell, CPA (FL)
Tyrone E. Dickerson, CPA (VA)
W. Michael Fritz, CPA (OH)
Sharon A. Jensen, CPA (MN)
Richard N. Reisig, CPA (MT)
Stephanie M. Saunders, CPA (VA)

Regional Directors

Stephen F. Langowski, CPA (NY), Northeast Regional Director
Andy Bonner, CPA (TN), Southeast Regional Director
C. Jack Emmons, CPA (NM), Southwest Regional Director
Alison L. Houck, CPA (DE), Middle Atlantic Regional Director
Faye D. Miller, CPA (ND), Central Regional Director
Jason D. Peery, CPA (ID), Mountain Regional Director
Katrina Salazar, CPA (CA), Pacific Regional Director
Kenya Y. Watts, CPA (OH), Great Lakes Regional Director

Executive Directors' Liaison

Grace Berger, (MT), Chair Executive Directors Committee

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

Noel L. Allen, Esq., Outside Legal Counsel

3. Elections

Following an explanation of the election process by NASBA Chair Laurie Tish, the 2019-20 NASBA Board of Directors took the following actions:

The Board elected John F. Dailey, Jr. (NJ) to complete the two-year unexpired term as Director-at-Large of Vice Chair A. Carlos Barrera.

The Board unanimously elected W. Michael Fritz (OH) as NASBA Treasurer.

The Board unanimously elected Stephanie M. Saunders (VA) NASBA Secretary.

4. Adjournment

The meeting was adjourned at 12:15 p.m. by Chair Tish.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

January 17, 2020 – Indian Wells, CA

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, held on Friday, January 17, 2020 at the Hyatt Regency Resort in Indian Wells, California, the Board took the following actions:

- Unanimously approved a motion to inform the AICPA Professional Ethics Executive Committee that the NASBA Board of Directors opposes any new interpretation of ET 1.200.001 that would compromise independence by allowing a firm's staff to provide non-attest services to an attest client while under the client's supervision (otherwise known as "staff augmentation"). The NASBA Board therefore urges licensees who may be engaged in such practice to immediately stop violating the rule and that State Boards of Accountancy enforce current rule.
- Unanimously approved the consolidated financial statements as of November 30, 2019 as recommended by the Administration and Finance Committee and presented by Treasurer W. Michael Fritz (OH).
- Unanimously approved a change to its investment advisor structure on a motion presented by Treasurer Fitz on the recommendation of the Administration and Finance Committee pursuant to NASBA's Investment Policy Statement.
- Unanimously approved the reappointment of J. Coalter Baker (TX) as the NASBA member of Center for the Public Trust's Board of Directors and the appointment of Jim Burkes (MS) as a member of the CPT Board.
- Were updated by Chair Laurie J. Tish (WA) on the progress of the CPA Evolution initiative, including the appointments of the AICPA/NASBA CPA Evolution Education Advisory Group and the AICPA/NASBA CPA Evolution Examination Advisory Group to provide insights, questions and comments regarding work in progress for AICPA/NASBA leadership to consider before recommending the AICPA/NASBA Uniform Accountancy Act Committee consider changes to the UAA and/or the Model Rules in support of the CPA Evolution.
- Received a report from President and CEO Ken L. Bishop on a staff project to enhance the transparency of NASBA's strategic planning by specifying activities currently engaged in, and planned for, that support the goals of the strategic plan. Over 200 such activities have been identified. NASBA Chief Sourcing and Strategy Officer Cheryl Farrar will present the results of this project at the April Board meeting.
- Were informed by Executive Vice President and COO Colleen K. Conrad that the AICPA Board of Examiners' Invitation to Comment on the Practice Analysis has been released and multiple NASBA committees are reviewing it and composing a response. State Boards are encouraged to review the document as well and submit their own comments or their support of the NASBA response (to be circulated to the State Boards by the end of February).

- Received a report from Center for the Public Trust President and NASBA Chief Ethics and Diversity Officer Alfonzo Alexander on the progress of the CPT's projects. There are currently 47 student chapters and three more will be added soon. Within NASBA, Mr. Alexander is in charge of the Trust and Integrity Channel. He noted NASBA seeks to ensure the demographics of its staff reflect the population of metropolitan Nashville.
- Received a report from Uniform Accountancy Act Committee Chair J. Coalter Baker on measures to continue examining how international standards on clients' noncompliance with laws and regulations (NOCLAR) could be applied in the U.S. to protect the public without harm to professionals. The UAA Committee's work has prompted recent deliberations of the AICPA Auditing Standards Board on amending its standards on communication with predecessor auditors regarding fraud and NOCLAR.
- Heard from UAA Committee Task Force Chair Stephanie Saunders (VA) that comments have been received on requiring additional current hours of attest experience for those CPAs signing or responsible for signing attest reports. Though the idea has gathered support, questions about how this requirement could be implemented remain.
- Learned from Legislative Support Committee Chair Andy Bonner (TN) that the Alliance for Responsible Professional Licensing (ARPL), of which NASBA is a member, has created videos and other materials to combat anti-regulation legislation. He recommended Boards review the ARPL website to find helpful information, including a video of Vice Chair Carlos Barrera (TX) explaining the need for licensed CPAs.
- Learned from Ethics Committee Chair Catherine Allen (NY) that the International Ethics Standards Board for Accountants is expected to soon release proposed international ethics standards adding fee-related safeguards, and IESBA representatives have asked for NASBA's comments.
- Heard from Committee on Relations with Member Boards Chair C. Jack Emmons (NM) that the Regional Directors are scheduling conference calls with their states' Board Chairs and Executive Directors and planning for the Regional Meetings to be held June 2-4 in Colorado Springs, CO, and June 9-11 in White Sulphur Springs, WV.

The next meeting of the NASBA Board of Directors will be held on April 24, 2020, in Hilton Head, SC.

Distribution: State Board Chairs/Presidents, Members and Executive Directors, NASBA Board of Directors and Committee Chairs, and NASBA Staff Directors

Executive Summary
November 6, 2019 to January 6, 2020
Regional Directors' Focus Question Responses

BOARDS RESPONDING - 41

Alabama, Alaska, Arkansas, Arizona, District of Columbia, Delaware, Florida, Georgia, Guam, Idaho, Illinois BOE, Illinois DFPR, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, Virginia, Virgin Islands, Wisconsin, Wyoming

- 1. The AICPA's Code of Professional Conduct provides that "in fulfilling a request for client-provided records, member-prepared records, or a member's work products, the member may charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the member provides the research to the client." Does your state's laws or rules follow the AICPA Code of Professional Conduct with respect to a licensee charging a client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the member provides the records to the client?**

Yes: AK, AZ, FL, GU, IL BOE, ILDFPR, IN, KS, KY, LA, ME, MN, MS, MO, MT, NV, NM, NC, ND, OK, SD, UT, VA, WI, WY. **No:** AL, AK, CA, DE, DC, GA, ID, ILBOE, ME, MD, NE, NY, OH, SC, TN, TX, WV
If No, what is your state's law or rule with respect to the above scenario?

Some Responses: **ID:** Idaho licensees may charge a client or former client a fee for costs associated to time spent and photocopying requests, but it does not specify when the fee must be paid. **ME:** A "reasonable fee" provision is not in Maine's laws or rules.

- 2. The AICPA's Ethics Division recently investigated a case where a client requested that a member mail boxes of the client's records to the client's new address, after the client opted to move to a different part of the country and leave the records with the member. The client refused to pay the shipping charges requested by the member, so the member refused to provide the records. Under this scenario, would your state's laws or rules allow the firm to withhold client-provided records, CPA-prepared records, and/or a CPA's work products until payment of shipping costs is received from the client?**

Yes: AL, AR, CA, FL, GU, ID, KY, LA, MS, MO, MT, NC, SD, TN, WY

No: AZ, DE, GA, NE, NM, NY, ND, OH, OK, TX, UT, WV

Some responses: **AZ:** A.R.S.32-744 regarding ownership and custody of working papers and records require that client records be returned. The statute does not address how any cost related to returning a record would be addressed. **CA:** California regulations do not address the payment of shipping costs. As long as the licensee is making the records available to the client the licensee would not be in violation of CBA Regulations record retention rules.

- 3. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about? Please explain below:**

Some responses: **ILDFPR:** Cannabis is the big news right now. **IN:** Trying to get Exam rule changed to allow for continuous testing.

- 4. Can NASBA be of any assistance to your Board at this time? Please explain below:**

Some responses: **LA:** Get CPE Tracking/Audit software fully functional and available for Board use; **WY:** The Board would like assistance with strategic planning.

FOR DETAILS, SEE FULL REPORT.

NASBA REGIONAL DIRECTORS' FOCUS QUESTIONS REPORT

The following is a summary of the written responses to focus questions gathered from the member Boards by NASBA's Regional Directors between November 6, 2019, and January 6, 2020. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*C. Jack Emmons (NM) – Chair, Committee on Relations with Member Boards
--Southwest Regional Director*

Stephen F. Langowski (NY) – Northeast Regional Director

J. Andy Bonner, Jr. (TN) – Southeast Regional Director

Kenya Y. Watts (OH) – Great Lakes Regional Director

Faye D. Miller (ND) – Central Regional Director

Alison L. Houck (DE) – Middle Atlantic Regional Director

Jason D. Peery (ID) – Mountain Regional Director

Katrina Salazar (CA) – Pacific Regional Director

BOARDS RESPONDING - 39

Alabama, Alaska, Arkansas, Arizona, District of Columbia, Delaware, Florida, Georgia, Guam, Idaho, Illinois BOE, Illinois DFPR, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, Virginia, Wisconsin, Wyoming

- 1. The AICPA's Code of Professional Conduct provides that "in fulfilling a request for client-provided records, member-prepared records, or a member's work products, the member may charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the member provides the research to the client." Does your state's laws or rules follow the AICPA Code of Professional Conduct with respect to a licensee charging a client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the member provides the records to the client?**

Yes: Alaska, Arizona, Florida, Guam, Illinois DFPR, Indiana, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Mexico, North Carolina*, North Dakota, Oklahoma, South Dakota, Utah, Virginia, Wisconsin, Wyoming

*However, our rule cannot use the word "reasonable" as our Rules Review Commission prohibits the use of that word in rules.

No: Alabama, Arkansas, California, Delaware, District of Columbia, Georgia, Idaho, Illinois BOE, Maine, Maryland, Nebraska, New York, Ohio, South Carolina, Tennessee, Texas, West Virginia

If No, what is your state's law or rule with respect to the above scenario?

Alabama: Alabama statute requires a CPA to furnish to a client or former client a copy of the licensee's working papers to the extent such working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client along with any records belonging to or obtained from the client. (Section 34-1-21.)

Arkansas: Our Code of conduct allows reasonable fees for member prepared records and work products, but not client provided records. We do not believe it is appropriate to allow licensees to charge for a client to get its own records back.

California: California Business and Professions code section 5037 requires a licensee to furnish accounting records and other records belonging to or obtained by or on behalf of the client to the client upon request. This section also requires the licensee's working papers to be provided to the extent that those working papers include records that would ordinarily constitute the client's books and records and are not otherwise available to the client. CBA Regulations section 68 states that unpaid fees do not give a licensee reason to retain client records.

District of Columbia: 2512.4. A licensee shall furnish to a client or former client, upon request made within a reasonable time after original issuance of the document in question, the following items:

- (a) A copy of a tax return of the client;
- (b) a copy of any report, or other document, issued by the licensee to or for the client;
- (c) Any accounting or other records belonging to, or obtained from or on behalf of, the client and the licensee removed from the client's premises or received from the client's account; and
- (d) a copy of the licensee's working papers, to the extent that these working papers include records that would ordinarily constitute part of the client's books and records and are not otherwise available to the client. District of Columbia Municipal Regulations and District of Columbia Register – Chapter 17-25
17-2512- CODE OF PROFESSIONAL CONDUCT: RESPONSIBILITIES TO CLIENTS

Georgia: Licensees are required to provide original client records at the client's request.

Idaho: Idaho licensees may charge a client or former client a fee for costs associated to time spent and photocopying requests, but it does not specify when the fee must be paid.

Maine: A "reasonable fee" provision is not in Maine's laws or rules.

Maryland: Maryland's Code of Professional Conduct, found at COMAR 09.01.06, is silent on the issue of whether a licensee may charge a fee for the time and expense involved in producing records. It does provide that a licensee shall produce the records in a "reasonable" time.

Minnesota: The question is too broad to answer. We think it possibly could result in different answers depending on whether it was just client prepared records, or just COA prepared work or both. We would seek the advice of our counsel based on the specific circumstances.

Nebraska: Our Regulations within Chapter 5.002 do reference the ability of the CPA to charge for reasonable fees in the preparation of the records but does not require the payment be made before delivering the records. Since we do reference the reasonable fee charge most pay this fee before receiving the records. We do not require the payment of professional fees before the records must be delivered.

New York: New York does not have a law or rules regarding this hypothetical situation explicitly stating a fee can be charged to retrieve and copy records.

Ohio: Client records are accounting records, or other records provided by the client. Workpapers, if payment has been made, must provide the records once.

Tennessee: Tennessee rules do not explicitly set forth this wording. However, they do not forbid the licensee from charging fees when records requests occur.

Texas: A licensee must return client records at no charge to the client. If the client asks for additional copies the licensee may charge a reasonable fee to reproduce the copies and may charge a reasonable fee to provide work papers to the client. The licensee is not required to provide proprietary information.

West Virginia: West Virginia Code section 30-9-24 Licensee's working papers; clients' records – requires a licensee to provide the documents within a reasonable time upon request. West Virginia Code does not address fees charged for time and expense incurred to retrieve and copy the records.

2. **The AICPA's Ethics Division recently investigated a case where a client requested that a member mail boxes of the client's records to the client's new address, after the client opted to move to a different part of the country and leave the records with the member. The client refused to pay the shipping charges requested by the member, so the member refused to provide the records. Under this scenario, would your state's laws or rules allow the firm to withhold client-provided records, CPA-prepared records, and/or a CPA's work products until payment of shipping costs is received from the client?**

Yes: Alabama, Arkansas, California, Florida, Guam, Idaho, Kentucky, Louisiana, Mississippi, Missouri, Montana, North Carolina, South Dakota, Tennessee, Wyoming

No: Arizona, Delaware, Georgia, Nebraska, New Mexico, New York, North Dakota, Ohio, Oklahoma, Texas, Utah, West Virginia

N/A: District of Columbia, South Carolina, Utah

Please explain below:

- **Arizona:** A.R.S.32-744 regarding ownership and custody of working papers and records require that client records be returned. The statute does not address how any cost related to returning a record would be addressed.
- **Arkansas:** CPA prepared records and work products only.
- **California:** California regulations do not address the payment of shipping costs. As long as the licensee is making the records available to the client the licensee would not be in violation of CBA Regulations record retention rules.
- **Delaware:** We don't specify anything related to cost.
- **District of Columbia:** This scenario does not match any conditions in the regs.
- **Georgia:** Licensees are required to provide original client records at the client's request.
- **Idaho:** Without specifically stating when the fee is to be collected, the stance of the Board is this would be discussed at the time of the request and be left up to the firm as to their business decision since a licensee is not required to furnish records to a client or former client more than once.
- **Kansas:** We would have to investigate the matter.
- **Kentucky:** The answer is based upon past Board decisions of the statute regarding client records which allowed a firm to charge a reasonable amount to copy and deliver records to a former client.
- **Louisiana:** Interesting scenario. What was the outcome? Our Board rules reference AICPA's Code of Professional Conduct, so that would weigh heavily in any Board determination.
- **Missouri:** Our statute allows for the licensee to charge a reasonable fee to produce records. Legal counsel agrees this would mean that the licensee is entitled to receive the reasonable fee before producing records.
- **Montana:** The Board has adopted and incorporates the AICPA Code of Professional Conduct.

- **Nebraska:** Again, our regulations do not reference the ability for the CPA to hold records until any payment is made. It has been the Board's practice to indicate to the CPA they have means within the civil court to obtain payment. As executive director, I would take the above scenario to the Board for further guidance as we have not experienced this type of scenario.
- **Nevada:** MAC 628.500 says that with some limited exception, we adopt the code of professional conduct and we don't see that there is an exception for records retention. So, our take on this is that although the code does not specifically mention shipping costs, we would allow the firm to retain the records until the client paid the costs to ship. It is not the Practitioner's fault that the client moved out of state, and the client could always pick up the documents if they don't want to pay for shipping. The Board would not discipline a practitioner that wanted to be paid reasonable shipping costs.
- **New Mexico:** Our law provides that certain working papers (records that ordinarily constitute part of the client's records) be provided to the client. The law is silent on fees or costs to be reimbursed.
- **New York:** New York does not have a law or rule on shipping costs for client records. It does, however, have a rule stating that a CPA cannot withhold the records if the client paid the fee.
- **Ohio:** Our rule does not address shipping costs. It does provide that client records must be returned within 30 days of a written request. Not sure how we would respond to this case.
- **South Carolina:** Cannot answer as this is a specific scenario.
- **Tennessee:** The licensee does not have to furnish any work product to his or her client until satisfactory arrangements for payment for services rendered to or on behalf of such client are made. Because of this, the licensee in this scenario would have the right to withhold the client's documents until satisfactory arrangements (i.e., paying for shipping across country) are made.
- **Texas:** I believe requiring the client to pay the expense of mailing client records to the client to be a reasonable charge. The licensee would be justified in not mailing the client records without the client agreeing to pay for the mailing.
- **Utah:** Our state law/rule does not address shipping costs.
- **West Virginia:** If the firm prepared and made the records available for the client, but had not received the fee associated with the shipping expense, I believe the firm could tell the client that the records are available for the client to pick up or the firm can ship them once shipping costs are paid. But this is not addressed in state law.

- **Wyoming:** This would depend on the facts of the case.

3. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about? Please explain below:

- **Alaska:** We still have budget issues and issues with travel approvals.
- **California:** The California Board of Accountancy (CBA) is pursuing a change in statute to allow more applicants to sit for the Uniform CPA Examination prior to a baccalaureate degree conferral. California law generally requires an applicant's transcript to show completion of a degree prior to being approved to take the exam; however, qualified applicants may sit prior to degree conferral if enrolled in an academic program that awards a Master's degree or a baccalaureate degree upon completing 150 units. The CBA hopes that legislation will be introduced and approved in 2020.
- **District of Columbia:** We are in the process of changing the Board's website. We're planning to have a Board meeting at American University.
- **Idaho:** We are currently in the process of Omnibus Rulemaking. The Board went through reducing outdated or obsolete rules and will be presenting them to the 2020 Idaho Legislature. This activity came due to the 2019 Legislature's not reauthorizing the continuation of any administrative rules.
- **Illinois BOE:** Illinois is currently a 150-hour state for the CPA Exam. Our accountancy act sunsets on January 1, 2014. We will remain a 150-hour state up to that time. What happens when the new law is written is to be determined. We are in the process of updating our Administrative Rules. We are also planning an Educator Conference slated for April 7th. This will bring 75-90 college educators to our office for a day of presentations aimed at updating the educators on the evolution of the CPA profession.
- **Illinois DFPR:** Cannabis is the big news right now.
- **Indiana:** Trying to get Exam rule changed to allow for continuous testing.
- **Kentucky:** Amended the CPA regulation to allow CPAs to include some hours of personal development to count toward the hourly requirement. Require CPAs who prepare audits, reviews, compilations and financial statements to complete 8 hours of CPE each calendar year in accounting or auditing courses. Require CPAs to complete 50% of their CPE in technical standards courses. Established a definition and requirement for technical standards courses.
- **Louisiana:** Renewals; CPE reporting
- **Michigan:** Nothing urgent.

- **Minnesota:** Our recent retired status has been received very favorably by CPA's.
- **Missouri:** Effective January 1, 2020, CPE requirements changed from 120 CPE hours required every three years, 20 hours minimum annually with 6 CPE in ethics, to 40 CPE hours annually with 2 CPE hours in ethics.
- **Nebraska:** We are awaiting a new Board member appointment as Ms. Lori Druse, CPA, has completed 8 years of term limited service to the Board.
- **Nevada:** Nevada is getting ready to go through another Legislative Sunset Committee review during our interim legislative session. This will be the second Sunset review Boards have been through in the past two years. In addition, there is increased scrutiny of Boards that includes hints of anti-regulation in the future legislative session.
- **New Mexico:** The New Mexico Board is working towards getting the Continuous Testing Bill passed through Legislation 2020.
- **New York:** In December, New York is proposing emergency regulation to mirror the law passed in 2018 that removed the exemption of CPE for newly licensed CPAs with an effective date of January 1, 2020.
- **North Carolina:** Our amended CPE rules should be effective January 1, 2020, to be used when renewing your CPA certificate in 2021.
- **Tennessee:**
 - (1) Rule amendment to allow for continuous testing has been given an effective date of 1/15/2020 pending a positive recommendation from the Joint Government Operations Committee on 12/19/2019.
 - (2) Amended CPE rules were effective September 4, 2019, which incorporate Nano-Learning and other updated Model Rule language.
 - (3) Implemented new renewal requirements for licensees and firms due to expire 12/31/19. Individual licensees must provide a listing of the CPE credits earned during the renewal period. This move is meant to help combat the CPE noncompliance concerns the Board has had over the past couple of years. Attest firms are now required to prove their peer review report and acceptance letter rather than simply attesting that they were enrolled in an approved program.
 - (4) Sunset hearings were held, and a positive recommendation was made to extend the Board six years. A bill will be introduced in the spring to finalize.
- **Texas:** Texas law was recently changed to allow the Board to discipline a licensee for only a criminal offense that directly relates to the practice of public accountancy. The Board believes that integrity is required to be licensed. A person convicted of a felony or

multiple misdemeanors evidences a lack of integrity and may lose the right to be licensed.

- **Virginia:** We just changed our “cpe exempt” status to “inactive.”
- **West Virginia:** With the impending legislative session, interim meetings are looking into separating the Chapter 30 Boards into 3 chapters; probably occupational, medical and professional. We’re unsure at this time what this would mean to the various boards, but it appears that the legislature is working toward umbrella boards to save money on Board expenses. There may be other legislative issues that we cannot predict at this point.
- **Wyoming:** Rules revisions on the remaining chapters.

4. Can NASBA be of any assistance to your Board at this time? Please explain below:

- **Alaska:** The Board will continue to request scholarships as necessary to be able to participate at NASBA Meetings.
- **California:** The California Board of Accountancy appreciates and utilizes communications materials developed by NASBA to communicate with applicants, licensees, and the public about our requirements. We look forward to continuing to work with NASBA to develop additional communication resources.
- **Delaware:** The Board President would really like Delaware to use the newsletter options. May need to see if we can have someone from Tom Kenny’s group speak at our meeting or provide a video we can watch stating how the process works and what would be required of the state staff to be able to offer the newsletter to our licensees.
- **District of Columbia:** We get very few foreign applicants in DC. The Board expressed a need to get more foreign applicants to apply in DC by requesting that NASBA review our regulations so the Board can explore ways to make it happen. We will be contacting NASBA to convert from text to video some of our application requirements for some of our application types for the Board’s website.
- **Illinois BOE:** NASBA is already assisting us with our newsletter, our international candidates and other projects. Nothing else is needed at this time.
- **Louisiana:** Get CPE Tracking/Audit software fully functional and available for Board use.
- **Maine:** Maine is hoping NASBA will provide CPE audit services.

- **Missouri:** NASBA has provided support and assistance as requested. Thanks.
- **Nebraska:** As things settle regarding the CPE Auditing project and with the new IT company in place, maybe NASBA could look at an enhanced back-end (ALD) data-base, information exchange, and information portal for State Boards to utilize.
- **Nevada:** NASBA is always so helpful in all aspects and provides great assistance as various topics arise. No additional assistance is needed at this time.
- **New Mexico:** We will need assistance with our newsletter in early January 2020.
- **New York:** The New York Board is looking forward to utilizing the CPE audit tool when it is made available to this Board. The New York Board and PROC would like to thank NASBA for the ongoing support to resolve matters relating to Peer Review and the revised Standards.
- **Wyoming:** The Board would like assistance with strategic planning.

5. NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled?

- **Input only from Board Chair:** Minnesota, North Dakota, Virginia
- **Input only from Executive Director:** Alabama, Arkansas, California, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maine, Montana, Nebraska, South Carolina, Texas
- **Input only from Board Chair and Executive Director:** Illinois BOE, Kansas, Maryland, New Mexico
- **Input from all Board Members and Executive Director:** Guam, Mississippi, North Carolina, Oklahoma, South Dakota
- **Input from some Board Members and Executive Director:** Nevada, New York, Wyoming
- **Input from some Board Members:** Delaware
- **Input from Board Chair, Legal Counsel and Executive Director:** Idaho, Missouri
- **Other: Input from Executive Director and Assistant Executive Director:** Ohio

1.10.20

REGIONAL DIRECTORS' FOCUS QUESTIONS

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 send your Board's responses to NASBA and your Regional Director by April 9, 2020.

JURISDICTION _____ **DATE** _____

NAME OF PERSON SUBMITTING FORM _____

1. Has your Board reviewed the AICPA's invitation to comment on the practice analysis, entitled "Maintaining the Relevance of the Uniform CPA Examination"? If so, did your Board submit comments to the AICPA Board of Examiners or a letter in support of the NASBA comment letter?

a. No. _____

b. Yes. Please explain _____

2. Recognizing that the CPA Evolution initiative will be the primary topic discussed during the Regional Meeting's Regional Breakout Sessions, what additional topics would your Board like discussed during your Region's Breakout – time permitting?

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

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

a. No. _____

b. Yes. Please explain. _____

5. 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):