



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
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Agenda
South Dakota Board of Accountancy Meeting
Department of Legislative Audit – Conference Room
8:30 a.m.
May 13, 2011

A=Action

D=Discussion

I=Information

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EXECUTIVE SESSION

Equivalent Reviews & Complaints for Board Approval..... Spt. Pkt.

FUTURE MEETING DATES (all times CT)

TBD



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South Dakota Board of Accountancy
Minutes of Meeting
Conference Call
9:00 a.m. (CT)
March 25, 2011

The Board of Accountancy held a meeting by conference call on Friday, March 25, 2011. Chair Holly Brunick called the meeting to order at 9:08 a.m.

Roll call was taken to confirm that the following members were present: Holly Brunick, Marty Guindon, David Olson, John Linn, Jr., John Mitchell, and John Peterson. A quorum was present.

Also present were Nicole Kasin, Executive Director; Tricia Nussbaum, Secretary; Aaron Arnold, Legal Counsel; and Todd Kolden, Department of Labor.

Chair Holly Brunick asked if there were any additions to the agenda. No additions.

A motion was made by John Linn, Jr. and seconded by David Olson to approve the January 12, 2011, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by John Peterson to approve the issuance of individual certificates and firm permits through March 21, 2011. A roll call vote was taken. The motion unanimously carried.

A motion was made by John Linn, Jr. and seconded by David Olson to approve the financial statements through February 28, 2011. A roll call vote was taken. The motion unanimously carried.

Aaron Arnold, staff attorney for the Department of Labor and new legal counsel for the Board, introduced himself.

The Board discussed the NASBA Western Regional Conference which will be held at the Hilton in Omaha, NE, June 8-10, 2011. The Board has discussed in the past wanting to send all board members to the regional conference if it was ever in close proximity to South Dakota; and they have done their part to get a centrally located regional conference.

A motion was made by David Olson and seconded by John Mitchell to approve travel for the four board members available and the Executive Director to attend the NASBA Western Regional Conference which will be held in Omaha, NE on June 8-10, 2011. A roll call vote was taken. The motion unanimously carried. The Executive Director will submit the necessary documents for approval.

Executive Director Kasin explained that a committee was formed to review the failed 2010 CPE audits and to propose a standard of terms that be used in the proposed negotiated consent agreements of these and future failed CPE audits. The Board discussed in detail the terms, public reprimands, and fines based on the recommendations from the committee. The Board would like to reformat the standard of terms, changing the public reprimand aspect and fines; the issue was tabled to the next meeting.

Executive Director Kasin discussed her report to the Board, which included: an AICPA BOE Update, NASBA ALD, NASBA Committee Assignments, State Records Retention, Rules Updates, Peer Review Oversight, Risk Analysis Summary, and Legal Counsel Representation/Transition. The Board tabled the Risk Analysis Summary to the next meeting.

Executive Director Kasin gave a recap of NASBA's Executive Director Conference which was held in San Diego, CA, March 6-9, 2011 and Legal Counsel Arnold gave a recap of NASBA's Legal Counsel Conference which was held in San Diego, CA, March 6-8, 2011. Executive Director Kasin stated that she is working with Noel Allen in

regards to the possible implications of SAS 70 and our boards' statutes and rules; as soon as she hears from him, she will get the needed information to Marty Guindon. Aaron Arnold thanked the Board for allowing for him to attend the conference, and he stated that the information provided and networking gained from attending the conference was great. John Peterson reiterated that attending these conferences was important for Board members and staff.

The Board discussed NASBA's Nomination Support Letters for Vice Chair for 2011-12 including Carlos Johnson with support from CA, LA, NM, OK, TN, TX; Walter Davenport with support from Guam, KS, KY, MT, NC, SC, VA; and Gaylen Hansen with support from CO, CT, ID, NV. Executive Director Kasin stated that the Board office received calls from both Carlos Johnson and Walter Davenport. Board Member Brunick stated that she received calls also from Johnson and Davenport. The Board didn't feel strong enough toward any one particular person to write a letter of support.

Kolden stated that after April 12th, 2011, the Department of Labor would be called the Department of Labor and Regulation. A new logo for the website would be emailed to Executive Director Kasin.

Todd Kolden left the meeting at 10:42 a.m.

A motion was made by John Peterson and seconded by John Linn, Jr. to enter into executive session for the deliberative process for peer reviews and complaints. A roll call vote was taken. The motion unanimously carried.

The Board came out of executive session.

A motion was made by David Olson and seconded by Marty Guindon to accept the peer reviews and complaints as discussed in executive session. A roll call vote was taken. The motion unanimously carried.

The Board completed NASBA's Regional Director's Focus Questions.

The Board discussed NASBA's call for Board of Directors and Nominating Committee Members; Board of Directors Meeting Minutes October 22, 2010; Board of Directors Meeting Highlights January 14, 2011; Executive Summary Regional Focus Questions; Regional Directors Report on Focus Questions; 4Q10 Candidate Concerns Report; International Administration of CPA Exam set for August; and changes in fees for the Uniform CPA Exam.

The Board discussed the AICPA's Blue Ribbon Panel Executive Summary Final to FAF; Exposure Draft – Revisions to Standards for Performing Peer Reviews of Compilations Performed under SSARS 19; and AICPA/NASBA UAA Exposure Draft on Firm Names with responses from MO, NE, NC, TN.

FUTURE MEETING DATES (all times CT)

May 13, 2011 – 8:30 a.m. Pierre, Dept. of Legislative Audit

A motion was made by John Peterson and seconded by Marty Guindon to adjourn the meeting. A roll call vote was taken. The motion carried; 4 Aye, 2 Excused (Mitchell) (Olson).

All business having come before the board was concluded and Chair Holly Brunick adjourned the meeting at 11:26 a.m.

Holly Brunick, CPA, Chair

Attest: _____
Nicole Kasin, Executive Director

John Peterson, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through May 6, 2011

Number	Name	Date Issued	Location
2975	Michael Lee Schelling	3/24/11	Sioux Falls, SD
2976	Mengfan Yan	3/29/11	Sioux Falls, SD
2977	Nestor Carlos Perez	3/31/11	Houston, TX
2978	Paula Jean Burke	5/02/11	Sioux Falls, SD
2979	John Walter Neth	5/06/11	Sioux Falls, SD

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

**Issued Through
May 6, 2011**

Number	Name	Date Issued	Basis/Comments
1513	Maloney + Novotny LLC Cleveland, OH	04/18/11	New Firm

AGENCY: 10 LABOR
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT
6503	103100061802	1140000
COMPANY/SOURCE TOTAL 6503 618		
COMP/BUDG UNIT TOTAL 6503 1031		
BUDGET UNIT TOTAL 1031		

BALANCE	DR/CR	CENTER DESCRIPTION
301,661.75	DR	BOARD OF ACCOUNTANCY
301,661.75	DR *	
301,661.75	DR **	
301,661.75	DR ***	

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503										
COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	1031000061802	51010100	CGEX110226	03/02/2011					2,729.76	DR
6503	1031000061802	51010100	CGEX110312	03/16/2011					2,677.84	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	1031000061802	51010200	CGEX110226	03/02/2011					5,407.60	DR *
6503	1031000061802	51010200	CGEX110312	03/16/2011					716.06	DR
									614.72	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	1031000061802	51020100	CGEX110226	03/02/2011					1,330.78	DR *
6503	1031000061802	51020100	CGEX110312	03/16/2011					6,738.38	DR **
6503	1031000061802	51020100	CGEX110312	03/02/2011					247.90	DR
6503	1031000061802	51020100	CGEX110312	03/16/2011					236.19	DR
6503	1031000061802	51020100	CGEX110329	03/30/2011	791065				.69	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	1031000061802	51020200	CGEX110226	03/02/2011					484.78	DR *
6503	1031000061802	51020200	CGEX110312	03/16/2011					206.75	DR
									197.55	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	1031000061802	51020600	CGEX110226	03/02/2011					404.30	DR *
6503	1031000061802	51020600	CGEX110312	03/16/2011					766.89	DR
									766.89	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	1031000061802	51020800	CGEX110226	03/02/2011					1,533.78	DR *
6503	1031000061802	51020800	CGEX110312	03/16/2011					5.86	DR
									5.60	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	1031000061802	51020900	CGEX110226	03/02/2011					11.46	DR *
6503	1031000061802	51020900	CGEX110312	03/16/2011					2.93	DR
									2.79	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	1031000061802	52030100	MP102052	03/25/2011					5.72	DR *
									2,440.04	DR ***
									9,178.42	DR ***
									135.14	DR
OBJSUB: 5203010 AUTO-STATE OWNED-IN STATE										
6503	1031000061802	52031000	CGEX110329	03/30/2011	791065				135.14	DR *
									50.46	DR
OBJSUB: 5203100 LODGING/IN-STATE										
6503	1031000061802	52031400	CGEX110329	03/30/2011	791065				50.46	DR *
									9.00	DR
OBJSUB: 5203140 TAXABLE MEALS/IN-STATE										
6503	1031000061802	52031500	CGEX110329	03/30/2011	791065				9.00	DR *
									26.00	DR
OBJSUB: 5203150 NON-TAXABLE MEALS/IN-ST										
6503	1031000061802	52032600	CGEX110329	03/30/2011	791065				26.00	DR *
									348.31	DR

South Dakota Board of Accountancy
Balance Sheet
As of March 31, 2011

	Mar 31, 11
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	3,329.18
1140000 · Pool Cash State of SD	301,661.75
Total Checking/Savings	304,990.93
Other Current Assets	
1131000 · Cash-Security Lending Collatera	22,975.91
1213000 · Investment Income Receivable	1,957.59
Total Other Current Assets	24,933.50
Total Current Assets	329,924.43
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-89,769.83
Total 1670000 · Computer Software	50,293.40
Total Fixed Assets	50,293.40
TOTAL ASSETS	380,217.83
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	2,975.20
Total Accounts Payable	2,975.20
Other Current Liabilities	
2810000 · Amounts Held for Others	24,428.54
Total Other Current Liabilities	24,428.54
Total Current Liabilities	27,403.74
Long Term Liabilities	
2960000 · Compensated Absences Payable	11,162.26
Total Long Term Liabilities	11,162.26
Total Liabilities	38,566.00
Equity	
3220000 · Unrestricted Net Assets	206,065.34
3300100 · Invested In Capital Assets	50,293.40
3900 · Retained Earnings	40,723.55
Net Income	44,569.54
Total Equity	341,651.83
TOTAL LIABILITIES & EQUITY	380,217.83

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2010 through March 2011

	Jul '10 - Mar 11	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-25.00			
4293550 · Initial Individual Certificate - Other	1,775.00	2,500.00	-725.00	71.0%
Total 4293550 · Initial Individual Certificate	1,750.00	2,500.00	-750.00	70.0%
4293551 · Certificate Renewals-Active	54,850.00	50,000.00	4,850.00	109.7%
4293552 · Certificate Renewals-Inactive	20,150.00	23,000.00	-2,850.00	87.6%
4293553 · Certificate Renewals-Retired	650.00	600.00	50.00	108.3%
4293554 · Initial Firm Permits	900.00	1,500.00	-600.00	60.0%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	20,100.00	18,350.00	1,750.00	109.5%
Total 4293555 · Firm Permit Renewals	20,050.00	18,350.00	1,700.00	109.3%
4293557 · Initial Audit	570.00	580.00	-10.00	98.3%
4293558 · Re-Exam Audit	2,130.00	1,660.00	470.00	128.3%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals	5,950.00	3,500.00	2,450.00	170.0%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	1,150.00	800.00	350.00	143.8%
Total 4293563 · Late Fees-Firm Permit Renewals	1,100.00	800.00	300.00	137.5%
4293564 · Late Fees-Peer Review	600.00	1,250.00	-650.00	48.0%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-235.00			
4293566 · Firm Permit Individual - Other	70,915.00	64,000.00	6,915.00	110.8%
Total 4293566 · Firm Permit Individual	70,680.00	64,000.00	6,680.00	110.4%
4293567 · Peer Review Admin Fee	1,575.00	5,650.00	-4,075.00	27.9%
4293568 · Firm Permit Name Change	150.00	100.00	50.00	150.0%
4293569 · Initial FAR	960.00	990.00	-30.00	97.0%
4293570 · Initial REG	420.00	530.00	-110.00	79.2%
4293571 · Initial BEC	810.00	670.00	140.00	120.9%
4293572 · Re-Exam FAR	1,200.00	1,540.00	-340.00	77.9%
4293573 · Re-Exam REG	1,440.00	1,680.00	-240.00	85.7%
4293574 · Re-Exam BEC	1,650.00	2,020.00	-370.00	81.7%
4491000 · Interest and Dividend Revenue	16,547.72	12,000.00	4,547.72	137.9%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	204,182.72	193,920.00	10,262.72	105.3%
Gross Profit	204,182.72	193,920.00	10,262.72	105.3%
Expense				
5101010 · F-T Emp Sal & Wages	45,311.54	66,239.00	-20,927.46	68.4%
5101020 · P-T/Temp Emp Sal & Wages	12,311.27	19,380.00	-7,068.73	63.5%
5101030 · Board & Comm Mbrs Fees	2,538.00	4,020.00	-1,482.00	63.1%
5102010 · OASI-Employer's Share	4,354.23	6,549.00	-2,194.77	66.5%
5102020 · Retirement-ER Share	3,457.40	5,147.00	-1,689.60	67.2%
5102060 · Health /Life Ins.-ER Share	12,692.03	17,869.00	-5,176.97	71.0%
5102080 · Worker's Compensation	97.98	133.00	-35.02	73.7%
5102090 · Unemployment Insurance	48.95	55.00	-6.05	89.0%
5203010 · Auto-State Owned	232.82	1,500.00	-1,267.18	15.5%
5203020 · Auto-Private-Ownes Low Mileage	294.20	300.00	-5.80	98.1%
5203030 · In State-Auto- Priv. High Miles	398.12	2,100.00	-1,701.88	19.0%
5203100 · In State-Lodging	143.46	1,000.00	-856.54	14.3%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	36.00	150.00	-114.00	24.0%
5203150 · InState-Non-Tax Meals OverNight	163.00	500.00	-337.00	32.6%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	3,515.81	6,700.00	-3,184.19	52.5%
5203280 · OS-Other Public Carrier	267.00	500.00	-233.00	53.4%
5203300 · OS-Lodging	5,805.87	7,800.00	-1,994.13	74.4%
5203320 · OS-Incidentals to Travel	241.00	200.00	41.00	120.5%
5203350 · OS-Non-Taxable Meals Overnight	799.00	1,000.00	-201.00	79.9%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2010 through March 2011

	Jul '10 - Mar 11	Budget	\$ Over Budget	% of Budget
5204010 · Subscriptions	424.25	1,500.00	-1,075.75	28.3%
5204020 · Dues and Membership Fees	3,350.00	3,900.00	-550.00	85.9%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	6,200.00	6,000.00	200.00	103.3%
5204160 · Workshop Registration Fees	3,855.00	5,200.00	-1,345.00	74.1%
5204180 · Computer Services-State	513.00	600.00	-87.00	85.5%
5204181 · Computer Development Serv-State	3,384.00	4,400.00	-1,016.00	76.9%
5204200 · Central Services	4,855.05	7,500.00	-2,644.95	64.7%
5204220 · Equipment Service & Maintenance	48.21	300.00	-251.79	16.1%
5204230 · Janitorial/Maintenance Services	1,078.74	1,560.00	-481.26	69.2%
5204340 · Computer Software Maintenance	897.50	1,000.00	-102.50	89.8%
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	982.99	1,100.00	-117.01	89.4%
5204460 · Equipment Rental	3,230.40	5,200.00	-1,969.60	62.1%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	11,425.05	15,531.00	-4,105.95	73.6%
5204530 · Telecommunications Services	1,667.81	2,500.00	-832.19	66.7%
5204540 · Electricity	580.22	865.00	-284.78	67.1%
5204560 · Water	93.40	240.00	-146.60	38.9%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	2,217.59	2,000.00	217.59	110.9%
5205020 · Office Supplies	1,001.10	1,500.00	-498.90	66.7%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	422.67	1,000.00	-577.33	42.3%
5205330 · Supplemental Publications	598.75	700.00	-101.25	85.5%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	1,538.01	3,100.00	-1,561.99	49.6%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	5,197.22	4,800.00	397.22	108.3%
5207950 · System Development	0.00	500.00	-500.00	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	4,291.80	6,500.00	-2,208.20	66.0%
5228030 · Depreciation Expense	9,052.74			
Total Expense	159,613.18	225,748.00	-66,134.82	70.7%
Net Ordinary Income	44,569.54	-31,828.00	76,397.54	-140.0%
Net Income	44,569.54	-31,828.00	76,397.54	-140.0%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
March 2011

	<u>Mar 11</u>	<u>Mar 10</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	100.00	125.00	-25.00	-20.0%
4293552 · Certificate Renewals-Inactive	50.00	0.00	50.00	100.0%
4293554 · Initial Firm Permits	0.00	150.00	-150.00	-100.0%
4293555 · Firm Permit Renewals	100.00	0.00	100.00	100.0%
4293557 · Initial Audit	60.00	60.00	0.00	0.0%
4293558 · Re-Exam Audit	390.00	120.00	270.00	225.0%
4293560 · Late Fees-Initial Certificate	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	0.00	100.00	-100.00	-100.0%
4293566 · Firm Permit Individual	325.00	585.00	-260.00	-44.4%
4293569 · Initial FAR	60.00	60.00	0.00	0.0%
4293570 · Initial REG	30.00	60.00	-30.00	-50.0%
4293571 · Initial BEC	0.00	90.00	-90.00	-100.0%
4293572 · Re-Exam FAR	150.00	270.00	-120.00	-44.4%
4293573 · Re-Exam REG	150.00	150.00	0.00	0.0%
4293574 · Re-Exam BEC	120.00	150.00	-30.00	-20.0%
Total Income	1,585.00	1,970.00	-385.00	-19.5%
Gross Profit	1,585.00	1,970.00	-385.00	-19.5%
Expense				
5101010 · F-T Emp Sal & Wages	5,407.60	4,963.20	444.40	9.0%
5101020 · P-T/Temp Emp Sal & Wages	1,330.78	1,384.82	-54.04	-3.9%
5102010 · OASI-Employer's Share	484.78	466.36	18.42	4.0%
5102020 · Retirement-ER Share	404.30	380.88	23.42	6.2%
5102060 · Health /Life Ins.-ER Share	1,533.78	1,443.24	90.54	6.3%
5102080 · Worker's Compensation	11.46	3.19	8.27	259.3%
5102090 · Unemployment Insurance	5.72	4.14	1.58	38.2%
5203010 · Auto--State Owned	135.14	0.00	135.14	100.0%
5203100 · In State-Lodging	50.46	0.00	50.46	100.0%
5203140 · InState-Tax Meals Not OverNigt	9.00	0.00	9.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	26.00	0.00	26.00	100.0%
5203260 · OS-Air Commercial Carrier	348.31	449.30	-100.99	-22.5%
5203280 · OS-Other Public Carrier	163.00	119.50	43.50	36.4%
5203300 · OS-Lodging	1,525.37	1,337.95	187.42	14.0%
5203320 · OS-Incidentals to Travel	100.00	130.00	-30.00	-23.1%
5203350 · OS-Non-Taxable Meals Overnight	207.00	237.00	-30.00	-12.7%
5204160 · Workshop Registration Fees	0.00	-715.00	715.00	100.0%
5204180 · Computer Services-State	57.00	45.00	12.00	26.7%
5204181 · Computer Development Serv-State	0.00	264.00	-264.00	-100.0%
5204200 · Central Services	172.50	158.99	13.51	8.5%
5204220 · Equipment Service & Maintenance	2.00	3.09	-1.09	-35.3%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	0.00	45.00	-45.00	-100.0%
5204440 · Newsletter Publishing	496.10	0.00	496.10	100.0%
5204460 · Equipment Rental	93.60	93.60	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	154.61	163.16	-8.55	-5.2%
5204540 · Electricity	61.46	64.14	-2.68	-4.2%
5204560 · Water	23.35	0.00	23.35	100.0%
5204740 · Bank Fees and Charges	16.00	31.00	-15.00	-48.4%
5205020 · Office Supplies	0.00	132.79	-132.79	-100.0%
5205320 · Printing/Duplicating/Binding Co	37.95	294.72	-256.77	-87.1%
5205330 · Supplemental Publications	0.00	280.00	-280.00	-100.0%
5205350 · Postage	5.66	469.32	-463.66	-98.8%
5228000 · Operating Transfers Out-NonBudg	530.23	579.97	-49.74	-8.6%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	15,788.33	15,221.67	566.66	3.7%
Net Ordinary Income	-14,203.33	-13,251.67	-951.66	-7.2%
Net Income	-14,203.33	-13,251.67	-951.66	-7.2%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2010 through March 2011

	Jul '10 - Mar 11	Jul '09 - Mar 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,750.00	2,950.00	-1,200.00	-40.7%
4293551 · Certificate Renewals-Active	54,850.00	54,350.00	500.00	0.9%
4293552 · Certificate Renewals-Inactive	20,150.00	19,650.00	500.00	2.5%
4293553 · Certificate Renewals-Retired	650.00	660.00	-10.00	-1.5%
4293554 · Initial Firm Permits	900.00	950.00	-50.00	-5.3%
4293555 · Firm Permit Renewals	20,050.00	19,600.00	450.00	2.3%
4293557 · Initial Audit	570.00	240.00	330.00	137.5%
4293558 · Re-Exam Audit	2,130.00	1,440.00	690.00	47.9%
4293560 · Late Fees-Initial Certificate	50.00	250.00	-200.00	-80.0%
4293561 · Late Fees-Certificate Renewals	5,950.00	5,800.00	150.00	2.6%
4293563 · Late Fees-Firm Permit Renewals	1,100.00	800.00	300.00	37.5%
4293564 · Late Fees-Peer Review	600.00	400.00	200.00	50.0%
4293566 · Firm Permit Individual	70,680.00	66,730.00	3,950.00	5.9%
4293567 · Peer Review Admin Fee	1,575.00	975.00	600.00	61.5%
4293568 · Firm Permit Name Change	150.00	130.00	20.00	15.4%
4293569 · Initial FAR	960.00	630.00	330.00	52.4%
4293570 · Initial REG	420.00	510.00	-90.00	-17.7%
4293571 · Initial BEC	810.00	630.00	180.00	28.6%
4293572 · Re-Exam FAR	1,200.00	1,170.00	30.00	2.6%
4293573 · Re-Exam REG	1,440.00	1,410.00	30.00	2.1%
4293574 · Re-Exam BEC	1,650.00	1,560.00	90.00	5.8%
4491000 · Interest and Dividend Revenue	16,547.72	16,687.62	-139.90	-0.8%
4896021 · Legal Recovery Cost	0.00	1,047.36	-1,047.36	-100.0%
Total Income	204,182.72	198,569.98	5,612.74	2.8%
Gross Profit	204,182.72	198,569.98	5,612.74	2.8%
Expense				
5101010 · F-T Emp Sal & Wages	45,311.54	44,433.05	878.49	2.0%
5101020 · P-T/Temp Emp Sal & Wages	12,311.27	12,685.35	-374.08	-3.0%
5101030 · Board & Comm Mbrs Fees	2,538.00	2,400.00	138.00	5.8%
5102010 · OASI-Employer's Share	4,354.23	4,312.62	41.61	1.0%
5102020 · Retirement-ER Share	3,457.40	3,427.14	30.26	0.9%
5102060 · Health /Life Ins.-ER Share	12,692.03	11,942.81	749.22	6.3%
5102080 · Worker's Compensation	97.98	40.44	57.54	142.3%
5102090 · Unemployment Insurance	48.95	37.19	11.76	31.6%
5203010 · Auto--State Owned	232.82	158.90	73.92	46.5%
5203020 · Auto-Private-Ownes Low Mileage	294.20	361.60	-67.40	-18.6%
5203030 · In State-Auto- Priv. High Miles	398.12	446.96	-48.84	-10.9%
5203100 · In State-Lodging	143.46	189.96	-46.50	-24.5%
5203140 · InState-Tax Meals Not Overnigt	36.00	9.00	27.00	300.0%
5203150 · InState-Non-Tax Meals OverNight	163.00	192.00	-29.00	-15.1%
5203260 · OS-Air Commercial Carrier	3,515.81	3,327.18	188.63	5.7%
5203280 · OS-Other Public Carrier	267.00	402.00	-135.00	-33.6%
5203300 · OS-Lodging	5,805.87	5,436.15	369.72	6.8%
5203320 · OS-Incidentals to Travel	241.00	330.00	-89.00	-27.0%
5203350 · OS-Non-Taxable Meals Overnight	799.00	692.00	107.00	15.5%
5204010 · Subscriptions	424.25	351.84	72.41	20.6%
5204020 · Dues and Membership Fees	3,350.00	3,350.00	0.00	0.0%
5204030 · Legal Document Fees	0.00	15.00	-15.00	-100.0%
5204040 · Consultant Fees-Accounting	6,200.00	0.00	6,200.00	100.0%
5204160 · Workshop Registration Fees	3,855.00	2,910.00	945.00	32.5%
5204180 · Computer Services-State	513.00	360.00	153.00	42.5%
5204181 · Computer Development Serv-State	3,384.00	5,424.00	-2,040.00	-37.6%
5204200 · Central Services	4,855.05	4,888.12	-33.07	-0.7%
5204220 · Equipment Service & Maintenance	48.21	48.92	-0.71	-1.5%
5204230 · Janitorial/Maintenance Services	1,078.74	1,053.00	25.74	2.4%
5204340 · Computer Software Maintenance	897.50	230.00	667.50	290.2%
5204440 · Newsletter Publishing	982.99	1,032.30	-49.31	-4.8%
5204460 · Equipment Rental	3,230.40	3,060.72	169.68	5.5%
5204480 · Microfilm and Photography	0.00	417.38	-417.38	-100.0%
5204490 · Rents Privately Owned Property	11,425.05	11,374.65	50.40	0.4%
5204530 · Telecommunications Services	1,667.81	1,626.58	41.23	2.5%
5204540 · Electricity	580.22	512.77	67.45	13.2%
5204560 · Water	93.40	93.40	0.00	0.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2010 through March 2011

	<u>Jul '10 - Mar 11</u>	<u>Jul '09 - Mar 10</u>	<u>\$ Change</u>	<u>% Change</u>
5204590 · Insurance Premiums/Surety Bonds	0.00	1,530.00	-1,530.00	-100.0%
5204740 · Bank Fees and Charges	2,217.59	1,716.10	501.49	29.2%
5205020 · Office Supplies	1,001.10	947.07	54.03	5.7%
5205320 · Printing/Duplicating/Binding Co	422.67	826.68	-404.01	-48.9%
5205330 · Supplemental Publications	598.75	598.75	0.00	0.0%
5205350 · Postage	1,538.01	1,999.81	-461.80	-23.1%
5207900 · Computer Hardware	5,197.22	0.00	5,197.22	100.0%
5207960 · Computer Software Expense	0.00	346.50	-346.50	-100.0%
5228000 · Operating Transfers Out-NonBudg	4,291.80	4,890.53	-598.73	-12.2%
5228030 · Depreciation Expense	9,052.74	9,052.74	0.00	0.0%
Total Expense	<u>159,613.18</u>	<u>149,481.21</u>	<u>10,131.97</u>	<u>6.8%</u>
Net Ordinary Income	<u>44,569.54</u>	<u>49,088.77</u>	<u>-4,519.23</u>	<u>-9.2%</u>
Net Income	<u><u>44,569.54</u></u>	<u><u>49,088.77</u></u>	<u><u>-4,519.23</u></u>	<u><u>-9.2%</u></u>

BAL409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 04/30/2011

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AGENCY:	10	LABOR			
BUDGET UNIT:	1031	BOARD OF ACCOUNTANCY			
COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	293,139.71	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL	6503	618	293,139.71	DR *	
COMP/BUDG UNIT TOTAL	6503	1031	293,139.71	DR **	
BUDGET UNIT TOTAL	1031		293,139.71	DR ***	

AGENCY	10	LABOR
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
6503	103100061802	51010100
6503	103100061802	51010100
6503	103100061802	51010100
OBSUB: 5101010		
F-T EMP SAL & WAGES		
6503	103100061802	51010200
6503	103100061802	51010200
6503	103100061802	51010200
6503	103100061802	51010200
OBSUB: 5101020		
P-T/TEMP EMP SAL & WAGES		
6503	103100061802	51010300
6503	103100061802	51010300
6503	103100061802	51010300
6503	103100061802	51010300
OBSUB: 5101030		
BOARD & COMM MBRS FEES		
6503	103100061802	51020100
6503	103100061802	51020100
6503	103100061802	51020100
6503	103100061802	51020100
OBSUB: 5102010		
OASI-EMPLOYER'S SHARE		
6503	103100061802	51020200
6503	103100061802	51020200
6503	103100061802	51020200
6503	103100061802	51020200
OBSUB: 5102020		
RETIREMENT-ER SHARE		
6503	103100061802	51020600
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6503	103100061802	51020600
OBSUB: 5102060		
HEALTH/LIFE INS.-ER SHARE		
6503	103100061802	51020800
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6503	103100061802	51020800
OBSUB: 5102080		
WORKER'S COMPENSATION		
6503	103100061802	51020900
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6503	103100061802	51020900
OBSUB: 5102090		
UNEMPLOYMENT COMPENSATION		
6503	103100061802	51020900
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OBSUB: 5102090		
EMPLOYEE BENEFITS		
6503	103100061802	51020900
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OBSUB: 5102090		
PERSONAL SERVICES		
6503	103100061802	51020900
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OBSUB: 5102090		
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OBSUB: 5102090		
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OBSUB: 5102090		
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OBSUB: 5102090		
OTHER-PUBLIC-OUT-OF-STATE		
6503	103100061802	51

BA0205A5 04/30/2011

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 04/30/2011

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AGENCY BUDGET UNIT CENTER-5	10 1031 10310	LABOR BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
OBJSUB: 5203300		LODGING/OUT-OF-STATE										
6503 103100061802	52033200	CGEX110405			04/06/2011	796001					653.73	DR *
OBJSUB: 5203320		INCIDENTALS-OUT-OF-STATE										
6503 103100061802	52033500	CGEX110405			04/06/2011	796001					50.00	DR *
OBJSUB: 5203350		NON-TAXABLE MEALS/OUT-ST										
6503 103100061802	52041800	DP103098			04/30/2011						81.00	DR *
OBJSUB: 5204180		COMPUTER SERVICES-STATE										
6503 103100061802	52042000	PL103053			04/30/2011						57.00	DR *
6503 103100061802	52042000	RM103004			04/20/2011						87.46	DR *
OBJSUB: 5204200		CENTRAL SERVICES										
6503 103100061802	52044400	34207			04/08/2011	99725398					135.40	DR *
OBJSUB: 5204440		NEWSLETTER PUBLISHING										
6503 103100061802	52044900	ACCONTPRENT11			04/15/2011	595779					496.10	DR *
OBJSUB: 5204490		RENTS-PRIVATE OWNED PROP.										
6503 103100061802	52045300	TL103161			04/30/2011						1,269.45	DR *
6503 103100061802	52045300	111109001 APR11			04/30/2011	99731348					59.61	DR *
OBJSUB: 5204530		TELECOMMUNICATIONS SRVCS										
6503 103100061802	52045400	5159417006 MAR11			04/08/2011	01955625					154.61	DR *
OBJSUB: 5204540		ELECTRICITY										
6503 103100061802	52045600	82218			04/06/2011	99724607					62.10	DR *
OBJSUB: 5204560		WATER										
6503 103100061802	52047400	CI101A-082			04/13/2011	121188					23.35	DR *
OBJSUB: 5204740		BANK FEES AND CHARGES										
6503 103100061802	52049600	13356974			04/26/2011	99730350					31.00	DR *
OBJSUB: 5204960		OTHER CONTRACTUAL SERVICE										
6503 103100061802	52053200	34243			04/13/2011	99726451					1,446.00	DR *
6503 103100061802	52053200	64081			04/30/2011	99731279					3,675.01	DR **
OBJSUB: 5205320		PRINTING-COMMERCIAL										
6503 103100061802	52053500	64081			04/30/2011	99731279					283.98	DR *
OBJSUB: 5205350		POSTAGE										
6503 103100061802	52280000	SUPPLIES & MATERIALS			04/15/2011						321.93	DR *
OBJSUB: 5228000		OPER TRANS OUT -NON BUDGT										
6503 103100061802	52280000	T101-081									483.78	DR *
OBJSUB: 5228000											805.71	DR **
6503 103100061802	52280000										497.47	DR *
OBJSUB: 5228000												
6503 103100061802	52280000										497.47	DR *

South Dakota Board of Accountancy

Balance Sheet

As of April 30, 2011

	Apr 30, 11
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	2,523.53
1140000 · Pool Cash State of SD	293,139.71
Total Checking/Savings	295,663.24
Other Current Assets	
1131000 · Cash-Security Lending Collatera	22,975.91
1213000 · Investment Income Receivable	1,957.59
Total Other Current Assets	24,933.50
Total Current Assets	320,596.74
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-90,775.69
Total 1670000 · Computer Software	49,287.54
Total Fixed Assets	49,287.54
TOTAL ASSETS	369,884.28
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	4,122.56
Total Accounts Payable	4,122.56
Other Current Liabilities	
2810000 · Amounts Held for Others	32,273.54
Total Other Current Liabilities	32,273.54
Total Current Liabilities	36,396.10
Long Term Liabilities	
2960000 · Compensated Absences Payable	11,162.26
Total Long Term Liabilities	11,162.26
Total Liabilities	47,558.36
Equity	
3220000 · Unrestricted Net Assets	207,071.20
3300100 · Invested In Capital Assets	49,287.54
3900 · Retained Earnings	40,723.55
Net Income	25,243.63
Total Equity	322,325.92
TOTAL LIABILITIES & EQUITY	369,884.28

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2010 through April 2011

	Jul '10 - Apr 11	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-25.00			
4293550 · Initial Individual Certificate - Other	1,825.00	2,500.00	-675.00	73.0%
Total 4293550 · Initial Individual Certificate	1,800.00	2,500.00	-700.00	72.0%
4293551 · Certificate Renewals-Active	54,900.00	50,000.00	4,900.00	109.8%
4293552 · Certificate Renewals-Inactive	20,200.00	23,000.00	-2,800.00	87.8%
4293553 · Certificate Renewals-Retired	660.00	600.00	60.00	110.0%
4293554 · Initial Firm Permits	950.00	1,500.00	-550.00	63.3%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	20,100.00	18,350.00	1,750.00	109.5%
Total 4293555 · Firm Permit Renewals	20,050.00	18,350.00	1,700.00	109.3%
4293557 · Initial Audit	690.00	580.00	110.00	119.0%
4293558 · Re-Exam Audit	2,400.00	1,660.00	740.00	144.6%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals	6,000.00	3,500.00	2,500.00	171.4%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	1,150.00	800.00	350.00	143.8%
Total 4293563 · Late Fees-Firm Permit Renewals	1,100.00	800.00	300.00	137.5%
4293564 · Late Fees-Peer Review	600.00	1,250.00	-650.00	48.0%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-235.00			
4293566 · Firm Permit Individual - Other	71,305.00	64,000.00	7,305.00	111.4%
Total 4293566 · Firm Permit Individual	71,070.00	64,000.00	7,070.00	111.0%
4293567 · Peer Review Admin Fee	1,650.00	5,650.00	-4,000.00	29.2%
4293568 · Firm Permit Name Change	150.00	100.00	50.00	150.0%
4293569 · Initial FAR	1,020.00	990.00	30.00	103.0%
4293570 · Initial REG	450.00	530.00	-80.00	84.9%
4293571 · Initial BEC	840.00	670.00	170.00	125.4%
4293572 · Re-Exam FAR	1,350.00	1,540.00	-190.00	87.7%
4293573 · Re-Exam REG	1,680.00	1,680.00	0.00	100.0%
4293574 · Re-Exam BEC	1,950.00	2,020.00	-70.00	96.5%
4491000 · Interest and Dividend Revenue	16,547.72	12,000.00	4,547.72	137.9%
4896021 · Legal Recovery Cost	1,000.00	1,000.00	0.00	100.0%
Total Income	207,107.72	193,920.00	13,187.72	106.8%
Gross Profit	207,107.72	193,920.00	13,187.72	106.8%
Expense				
5101010 · F-T Emp Sal & Wages	53,451.25	66,239.00	-12,787.75	80.7%
5101020 · P-T/Temp Emp Sal & Wages	14,493.18	19,380.00	-4,886.82	74.8%
5101030 · Board & Comm Mbrs Fees	2,778.00	4,020.00	-1,242.00	69.1%
5102010 · OASI-Employer's Share	5,115.09	6,549.00	-1,433.91	78.1%
5102020 · Retirement-ER Share	4,076.69	5,147.00	-1,070.31	79.2%
5102060 · Health /Life Ins.-ER Share	14,992.70	17,869.00	-2,876.30	83.9%
5102080 · Worker's Compensation	115.54	133.00	-17.46	86.9%
5102090 · Unemployment Insurance	57.72	55.00	2.72	104.9%
5203010 · Auto-State Owned	232.82	1,500.00	-1,267.18	15.5%
5203020 · Auto-Private-Ownes Low Mileage	294.20	300.00	-5.80	98.1%
5203030 · In State-Auto- Priv. High Miles	398.12	2,100.00	-1,701.88	19.0%
5203100 · In State-Lodging	143.46	1,000.00	-856.54	14.3%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	36.00	150.00	-114.00	24.0%
5203150 · InState-Non-Tax Meals OverNight	163.00	500.00	-337.00	32.6%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	3,515.81	6,700.00	-3,184.19	52.5%
5203280 · OS-Other Public Carrier	267.00	500.00	-233.00	53.4%
5203300 · OS-Lodging	5,805.87	7,800.00	-1,994.13	74.4%
5203320 · OS-Incidentals to Travel	241.00	200.00	41.00	120.5%
5203350 · OS-Non-Taxable Meals Overnight	799.00	1,000.00	-201.00	79.9%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2010 through April 2011

	Jul '10 - Apr 11	Budget	\$ Over Budget	% of Budget
5204010 · Subscriptions	628.75	1,500.00	-871.25	41.9%
5204020 · Dues and Membership Fees	3,350.00	3,900.00	-550.00	85.9%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	6,200.00	6,000.00	200.00	103.3%
5204160 · Workshop Registration Fees	6,635.00	5,200.00	1,435.00	127.6%
5204180 · Computer Services-State	570.00	600.00	-30.00	95.0%
5204181 · Computer Development Serv-State	3,384.00	4,400.00	-1,016.00	76.9%
5204200 · Central Services	4,990.45	7,500.00	-2,509.55	66.5%
5204220 · Equipment Service & Maintenance	50.99	300.00	-249.01	17.0%
5204230 · Janitorial/Maintenance Services	1,198.60	1,560.00	-361.40	76.8%
5204340 · Computer Software Maintenance	950.00	1,000.00	-50.00	95.0%
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	982.99	1,100.00	-117.01	89.4%
5204460 · Equipment Rental	3,324.00	5,200.00	-1,876.00	63.9%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	12,694.50	15,531.00	-2,836.50	81.7%
5204530 · Telecommunications Services	1,762.81	2,500.00	-737.19	70.5%
5204540 · Electricity	642.53	865.00	-222.47	74.3%
5204560 · Water	93.40	240.00	-146.60	38.9%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	2,248.59	2,000.00	248.59	112.4%
5205020 · Office Supplies	1,808.75	1,500.00	308.75	120.6%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	706.65	1,000.00	-293.35	70.7%
5205330 · Supplemental Publications	598.75	700.00	-101.25	85.5%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	2,021.79	3,100.00	-1,078.21	65.2%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	5,197.22	4,800.00	397.22	108.3%
5207950 · System Development	0.00	500.00	-500.00	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	4,789.27	6,500.00	-1,710.73	73.7%
5228030 · Depreciation Expense	10,058.60			
Total Expense	181,864.09	225,748.00	-43,883.91	80.6%
Net Ordinary Income	25,243.63	-31,828.00	57,071.63	-79.3%
Net Income	25,243.63	-31,828.00	57,071.63	-79.3%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
April 2011

	<u>Apr 11</u>	<u>Apr 10</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	125.00	-75.00	-60.0%
4293551 · Certificate Renewals-Active	50.00	0.00	50.00	100.0%
4293552 · Certificate Renewals-Inactive	50.00	50.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	10.00	0.00	10.00	100.0%
4293554 · Initial Firm Permits	50.00	0.00	50.00	100.0%
4293557 · Initial Audit	120.00	30.00	90.00	300.0%
4293558 · Re-Exam Audit	270.00	180.00	90.00	50.0%
4293561 · Late Fees-Certificate Renewals	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	0.00	250.00	-250.00	-100.0%
4293566 · Firm Permit Individual	390.00	260.00	130.00	50.0%
4293567 · Peer Review Admin Fee	75.00	150.00	-75.00	-50.0%
4293569 · Initial FAR	60.00	60.00	0.00	0.0%
4293570 · Initial REG	30.00	30.00	0.00	0.0%
4293571 · Initial BEC	30.00	150.00	-120.00	-80.0%
4293572 · Re-Exam FAR	150.00	180.00	-30.00	-16.7%
4293573 · Re-Exam REG	240.00	210.00	30.00	14.3%
4293574 · Re-Exam BEC	300.00	90.00	210.00	233.3%
4896021 · Legal Recovery Cost	1,000.00	0.00	1,000.00	100.0%
Total Income	<u>2,925.00</u>	<u>1,815.00</u>	<u>1,110.00</u>	<u>61.2%</u>
Gross Profit	2,925.00	1,815.00	1,110.00	61.2%
Expense				
5101010 · F-T Emp Sal & Wages	8,139.71	8,907.09	-767.38	-8.6%
5101020 · P-T/Temp Emp Sal & Wages	2,181.91	2,276.48	-94.57	-4.2%
5101030 · Board & Comm Mbrs Fees	240.00	480.00	-240.00	-50.0%
5102010 · OASI-Employer's Share	760.86	853.05	-92.19	-10.8%
5102020 · Retirement-ER Share	619.29	671.02	-51.73	-7.7%
5102060 · Health /Life Ins.-ER Share	2,300.67	2,164.86	135.81	6.3%
5102080 · Worker's Compensation	17.56	5.60	11.96	213.6%
5102090 · Unemployment Insurance	8.77	7.29	1.48	20.3%
5204010 · Subscriptions	204.50	204.50	0.00	0.0%
5204160 · Workshop Registration Fees	2,780.00	2,085.00	695.00	33.3%
5204180 · Computer Services-State	57.00	45.00	12.00	26.7%
5204200 · Central Services	135.40	141.15	-5.75	-4.1%
5204220 · Equipment Service & Maintenance	2.78	4.57	-1.79	-39.2%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	52.50	0.00	52.50	100.0%
5204360 · Advertising-Newspapers	0.00	1,139.27	-1,139.27	-100.0%
5204460 · Equipment Rental	93.60	93.60	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	95.00	188.64	-93.64	-49.6%
5204540 · Electricity	62.31	57.17	5.14	9.0%
5204560 · Water	0.00	23.35	-23.35	-100.0%
5204740 · Bank Fees and Charges	31.00	31.00	0.00	0.0%
5205020 · Office Supplies	807.65	38.65	769.00	1,989.7%
5205320 · Printing/Duplicating/Binding Co	283.98	27.60	256.38	928.9%
5205350 · Postage	483.78	0.00	483.78	100.0%
5228000 · Operating Transfers Out-NonBudg	497.47	539.50	-42.03	-7.8%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	<u>22,250.91</u>	<u>22,376.70</u>	<u>-125.79</u>	<u>-0.6%</u>
Net Ordinary Income	<u>-19,325.91</u>	<u>-20,561.70</u>	<u>1,235.79</u>	<u>6.0%</u>
Net Income	<u>-19,325.91</u>	<u>-20,561.70</u>	<u>1,235.79</u>	<u>6.0%</u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2010 through April 2011

	Jul '10 - Apr 11	Jul '09 - Apr 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,800.00	3,075.00	-1,275.00	-41.5%
4293551 · Certificate Renewals-Active	54,900.00	54,350.00	550.00	1.0%
4293552 · Certificate Renewals-Inactive	20,200.00	19,700.00	500.00	2.5%
4293553 · Certificate Renewals-Retired	660.00	660.00	0.00	0.0%
4293554 · Initial Firm Permits	950.00	950.00	0.00	0.0%
4293555 · Firm Permit Renewals	20,050.00	19,600.00	450.00	2.3%
4293557 · Initial Audit	690.00	270.00	420.00	155.6%
4293558 · Re-Exam Audit	2,400.00	1,620.00	780.00	48.2%
4293560 · Late Fees-Initial Certificate	50.00	250.00	-200.00	-80.0%
4293561 · Late Fees-Certificate Renewals	6,000.00	5,850.00	150.00	2.6%
4293563 · Late Fees-Firm Permit Renewals	1,100.00	800.00	300.00	37.5%
4293564 · Late Fees-Peer Review	600.00	650.00	-50.00	-7.7%
4293566 · Firm Permit Individual	71,070.00	66,990.00	4,080.00	6.1%
4293567 · Peer Review Admin Fee	1,650.00	1,125.00	525.00	46.7%
4293568 · Firm Permit Name Change	150.00	130.00	20.00	15.4%
4293569 · Initial FAR	1,020.00	690.00	330.00	47.8%
4293570 · Initial REG	450.00	540.00	-90.00	-16.7%
4293571 · Initial BEC	840.00	780.00	60.00	7.7%
4293572 · Re-Exam FAR	1,350.00	1,350.00	0.00	0.0%
4293573 · Re-Exam REG	1,680.00	1,620.00	60.00	3.7%
4293574 · Re-Exam BEC	1,950.00	1,650.00	300.00	18.2%
4491000 · Interest and Dividend Revenue	16,547.72	16,687.62	-139.90	-0.8%
4896021 · Legal Recovery Cost	1,000.00	1,047.36	-47.36	-4.5%
Total Income	207,107.72	200,384.98	6,722.74	3.4%
Gross Profit	207,107.72	200,384.98	6,722.74	3.4%
Expense				
5101010 · F-T Emp Sal & Wages	53,451.25	53,340.14	111.11	0.2%
5101020 · P-T/Temp Emp Sal & Wages	14,493.18	14,961.83	-468.65	-3.1%
5101030 · Board & Comm Mbrs Fees	2,778.00	2,880.00	-102.00	-3.5%
5102010 · OASI-Employer's Share	5,115.09	5,165.67	-50.58	-1.0%
5102020 · Retirement-ER Share	4,076.69	4,098.16	-21.47	-0.5%
5102060 · Health /Life Ins.-ER Share	14,992.70	14,107.67	885.03	6.3%
5102080 · Worker's Compensation	115.54	46.04	69.50	151.0%
5102090 · Unemployment Insurance	57.72	44.48	13.24	29.8%
5203010 · Auto--State Owned	232.82	158.90	73.92	46.5%
5203020 · Auto-Private-Ownes Low Mileage	294.20	361.60	-67.40	-18.6%
5203030 · In State-Auto- Priv. High Miles	398.12	446.96	-48.84	-10.9%
5203100 · In State-Lodging	143.46	189.96	-46.50	-24.5%
5203140 · InState-Tax Meals Not Overnigt	36.00	9.00	27.00	300.0%
5203150 · InState-Non-Tax Meals OverNight	163.00	192.00	-29.00	-15.1%
5203260 · OS-Air Commercial Carrier	3,515.81	3,327.18	188.63	5.7%
5203280 · OS-Other Public Carrler	267.00	402.00	-135.00	-33.6%
5203300 · OS-Lodging	5,805.87	5,436.15	369.72	6.8%
5203320 · OS-Incidentals to Travel	241.00	330.00	-89.00	-27.0%
5203350 · OS-Non-Taxable Meals Overnight	799.00	692.00	107.00	15.5%
5204010 · Subscriptions	628.75	556.34	72.41	13.0%
5204020 · Dues and Membership Fees	3,350.00	3,350.00	0.00	0.0%
5204030 · Legal Document Fees	0.00	15.00	-15.00	-100.0%
5204040 · Consultant Fees-Accounting	6,200.00	0.00	6,200.00	100.0%
5204160 · Workshop Registration Fees	6,635.00	4,995.00	1,640.00	32.8%
5204180 · Computer Services-State	570.00	405.00	165.00	40.7%
5204181 · Computer Development Serv-State	3,384.00	5,424.00	-2,040.00	-37.6%
5204200 · Central Services	4,990.45	5,029.27	-38.82	-0.8%
5204220 · Equipment Service & Maintenance	50.99	53.49	-2.50	-4.7%
5204230 · Janitorial/Maintenance Services	1,198.60	1,170.00	28.60	2.4%
5204340 · Computer Software Maintenance	950.00	230.00	720.00	313.0%
5204360 · Advertising-Newspapers	0.00	1,139.27	-1,139.27	-100.0%
5204440 · Newsletter Publishing	982.99	1,032.30	-49.31	-4.8%
5204460 · Equipment Rental	3,324.00	3,154.32	169.68	5.4%
5204480 · Microfilm and Photography	0.00	417.38	-417.38	-100.0%
5204490 · Rents Privately Owned Property	12,694.50	12,644.10	50.40	0.4%
5204530 · Telecommunications Services	1,762.81	1,815.22	-52.41	-2.9%
5204540 · Electricity	642.53	569.94	72.59	12.7%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2010 through April 2011

	<u>Jul '10 - Apr 11</u>	<u>Jul '09 - Apr 10</u>	<u>\$ Change</u>	<u>% Change</u>
5204560 · Water	93.40	116.75	-23.35	-20.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,530.00	-1,530.00	-100.0%
5204740 · Bank Fees and Charges	2,248.59	1,747.10	501.49	28.7%
5205020 · Office Supplies	1,808.75	985.72	823.03	83.5%
5205320 · Printing/Duplicating/Binding Co	706.65	854.28	-147.63	-17.3%
5205330 · Supplemental Publications	598.75	598.75	0.00	0.0%
5205350 · Postage	2,021.79	1,999.81	21.98	1.1%
5207900 · Computer Hardware	5,197.22	0.00	5,197.22	100.0%
5207960 · Computer Software Expense	0.00	346.50	-346.50	-100.0%
5228000 · Operating Transfers Out-NonBudg	4,789.27	5,430.03	-640.76	-11.8%
5228030 · Depreciation Expense	10,058.60	10,058.60	0.00	0.0%
Total Expense	<u>181,864.09</u>	<u>171,857.91</u>	<u>10,006.18</u>	<u>5.8%</u>
Net Ordinary Income	<u>25,243.63</u>	<u>28,527.07</u>	<u>-3,283.44</u>	<u>-11.5%</u>
Net Income	<u>25,243.63</u>	<u>28,527.07</u>	<u>-3,283.44</u>	<u>-11.5%</u>

REPORT TO BOARD ON GRADES

Nicole Kasin

The grades were posted for review for the 28th window. These grades are through March 2011. I have included the average scores per school since CBT started along with the number of students that have sat for their school respectively. The last chart shows the averages for the past 8 windows.

Overall Average Window 1-28

Window	(All)
--------	-------

Average of Score	Section				
School	AUD	BEC	FAR	REG	Grand Total
Augie	73	71	75	73	73
BHSU	69	69	70	71	70
COTech	63	72	66	73	69
DSU	72	69	62	70	68
DWU	57	65	58	77	63
Mt. Marty	66	66	79	67	67
NAU	55	52	53	62	55
NSU	71	68	71	69	69
OS	73	72	72	74	73
SDSU	79	73	81	79	77
USD	77	75	74	76	75
USF	73	76	75	77	75
Grand Total	73	72	72	73	72

Students per section per school since CBT Began (3 or more parts)

Window	(All)
--------	-------

Count of Score	Section				
School	AUD	BEC	FAR	REG	Grand Total
Augie	46	54	39	48	187
BHSU	55	60	44	47	206
COTech	6	7	6	7	26
DSU	12	14	13	9	48
DWU	4	6	5	3	18
Mt. Marty	12	15		10	37
NAU	3	6	6	4	19
NSU	51	68	34	42	195
OS	138	148	130	120	536
SDSU	10	18	10	9	47
USD	118	139	127	118	502
USF	28	37	27	26	118
Grand Total	483	572	441	443	1939

Without listing schools with less than 3 parts – 1941 Grand total parts sat.

Average for past 8 windows (3 or more parts)

Window	(Multiple Items)
--------	------------------

Average of Score	Section				
School	AUD	BEC	FAR	REG	Grand Total
Augie	78	72	82	76	76
BHSU	70	69	70	71	70
COTech	67	68	54	72	66
DWU		62	57		60
NAU	55	50	53	69	55
NSU	71	70	80	75	73
OS	72	72	72	74	73
SDSU	71	70	82	83	74
USD	76	76	74	76	75
USF	74	77	77	81	77
Grand Total	73	72	73	75	73

The Board needs to Approve the 2011-1 (28th Window) grades.

Report to Board on CPE Audit Review Committee

Nicole Kasin

This topic was tabled at the last meeting and the adjustments from the discussion have been implemented in the terms listed below.

Pursuant to SDCL 1-27-1.18, Any final recommendations, findings, or reports that result from a meeting of a committee, subcommittee, task force, or other working group which does not meet the definition of a political subdivision or public body pursuant to § 1-25-1, but was appointed by the governing body, shall be reported in open meeting to the governing body which appointed the committee, subcommittee, task force, or other working group. The governing body shall delay taking any official action on the recommendations, findings, or reports until the next meeting of the governing body.

The following shall be considered as recommendations from our committee in regards to individuals that failed their CPE Audits. Proposed Negotiated Consent Agreements will be made with these terms.

1. Licensees that failed their CPE audit shall make up the required hours within 90 days of the signed consent agreement.
2. If a licensee has to roll hours back from prior years to fulfill CPE requirements, a CPE extension will be placed on their file.
3. Proof of documentation of completed CPE courses granted through the extensions must be filed with the board.
4. CPA will be required to undergo CPE audit for the next three renewal periods.
5. CPA will not be eligible for an extension to complete CPE for the next three renewal periods.
6. CPA is required to file next three renewals before or on deadline of August 1.
7. CPA will receive a public reprimand if they fail in a category of 4, 5, 6, or use deception in their reporting.
8. CPA will be fined (as described in agreement) and must pay fine within 30 days of signed consent agreement.

Proposed Fines for failure of CPE Audits:

Failed Level	Status	Fine Amount
1 category	Responsive to Requests	\$50
1 categories	Nonresponsive to Requests	\$100
2 categories	Responsive to Requests	\$75
2 categories	Nonresponsive to Requests	\$150
3 categories	Responsive to Requests	\$100
3 categories	Nonresponsive to Requests	\$200
4 categories	Responsive to Requests	\$150
4 categories	Nonresponsive to Requests	\$300
5 categories	Responsive to Requests	\$200
5 categories	Nonresponsive to Requests	\$400
6 categories	Responsive to Requests	\$250
6 categories	Nonresponsive to Requests	\$500
Any category	Deception	\$1000

With a CPE audit there are 6 criteria in the 3 years to pass. In each year of the audit the CPA must complete a minimum of 20 CPE hours. Then using the three year rolling period, the CPA must meet the minimum of 120 CPE hours total at the end of the respective year being audited.

If an individual does not want to enter into a consent agreement with the Board, then the procedures for a notice of hearing will be followed.

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Boards and Commissions Meeting

Secretary Roberts hosted a meeting for the Executive Directors with the Department of Labor and Regulation on April 20. We discussed various administrative topics. Dawn Dovre who is the public affairs director has offered her services to enhance our public relations effort. DLR also used a professional to help lead strategic planning and those services are being offered to the boards with the cost being covered by DLR out of the contingency fund that boards and commissions contribute to.

NASBA ALD –

The ALD is creating a public site, CPA Verify. CPA Verify is in the final testing stages and the committee plans to go live with CPA Verify July 1, 2011. The board is participating in CPA Verify.

NASBA Communications Committee Update–

An update on the various topics being discussed to further communication between NASBA and state boards along with opportunities for boards to communicate effectively with the public have been discussed in some of the prior NASBA conferences. The big push is for state boards to utilize social media options; facebook, twitter, linked in, etc.

The board does have a facebook page and the traffic on the site is increasing as we get the word out to candidates and licenses about our page. The main focus of our facebook page is to show basic data about the board and post updates in regards to board operation; Board meetings, grade releases, office closures, etc. We also redirect those on our facebook page to gather more information on our website.

Rules Updates –

Updates to the rules are being reviewed and a hearing will be held possibly in June. Any updates or recommendations for updates from the board should be sent to me ASAP. The issue discussed last meeting with SAS 70 is being reviewed by Marty.

Risk Analysis Summary –

Per request in a prior meeting, a risk analysis was done with certain board records. If an event were to destroy the board office, current paper files in various year categories would be compromised.

Current paper records are stored as follows:

Active licensees and firms are on file for 3 years with no microfilm backup.

Inactive and Retired licensees are on file for 2 years with no microfilm backup.

Complaints for the prior 3 years are on file with no microfilm backup.

Candidate files are on file for 2-4 years with no microfilm backup.

QuickBooks and daily reports are on file for 4 years with no microfilm backup.

Firm Peer Review files are on file for 11 years with no microfilm backup.

The in house server does complete a nightly back up on QuickBooks and daily reports. The prior night backup tape is taken home by office staff. Equipment would need to be purchased to restore the data. Candidate information is stored on the Gateway and files (less official transcripts) could be recreated with NASBA's assistance.

The office is able to view current candidate, licensee, and firm data in the database housed on the state server; CPE hours are stored, but CPE line item records are not stored in the database.

The office would not have proper documentation to conduct CPE Audits.

If licensees or firms completed their renewals online in the prior two years, the board with assistance from state BIT could recreate those paper files. This accounts for less than 50% of the files at this time. Files older than 3 years old and microfilmed in accordance with the record retention policy are located in Pierre and could be collected to recreate overall board files.

Sarbanes-Oxley Act Section 209

The wording from this section was brought to the board's attention in the March meeting from the NASBA focus questions. The act states "In supervising nonregistered public accounting firms and their associated persons, appropriate State regulatory authorities should make an independent determination of the proper standards applicable, particularly taking into consideration the size and nature of the business of the accounting firms they supervise and the size and nature of the business of the clients of those firms. The standards applied by the Board under this Act should not be presumed to be applicable for purposes of this section for small and medium sized nonregistered public accounting firms."

The Dodd-Frank Act gives the PCAOB inspection authority over broker-dealers.

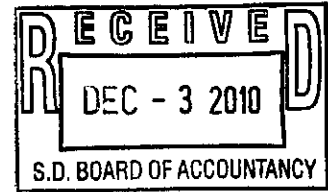
The board discussed the matter briefly and asked the topic to be revisited at the next meeting.

Mobility impact letters

After the meeting last August and a follow-up discussion with Laura from the SD CPA Society, I have received two letters indicating the impact that mobility has had on their respective firms. The Board suggested that this topic be discussed at the next in-person meeting after the August 2010 meeting. Topics to cover were possible fee changes with firms or restructuring the firm permit application for the future. The letters follow this report.



CPAs & BUSINESS ADVISORS



December 1, 2010

South Dakota Board of Accountancy
Attn: Board Members
301 East 14 Street, Suite 200
Sioux Falls, SD 57104

Dear Board Members:

This letter is to express our Firm's concern on how the Mobility Law is implemented in the State of South Dakota. Most states put into practice that when a Firm registers with their State, individual CPAs are not required to register as well. The State of South Dakota still requires both the Firm and individual accountants to register. I believe the requiring of individual registration do not follow the objectives and provisions of the Uniform Accountancy Act outlined, nor how they intended them to be applied.

I request the Board re-evaluate this situation. If you would like further input or have questions, please do not hesitate to contact me.

Thank you in advance for your time and consideration to this matter.

Sincerely,

Jeffrey S. Strand, CPA
Director of Professional Practices

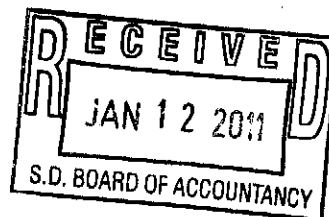
JSS/smt



January 10, 2011

South Dakota Board of Accountancy
301 East 14th Street, Suite 200
Sioux Falls, SD 57104

McGladrey & Pullen, LLP
Certified Public Accountants
212 North Brady Street
Second Floor
Davenport, IA 52801-1507
O 563.324.0447 F 563.324.0211
www.mcgladrey.com



Dear Board:

I am writing to provide feedback on mobility in South Dakota, and would encourage excluding those CPAs practicing in South Dakota through mobility from the Firm Permit process. McGladrey & Pullen, LLP is a national firm with over 2,000 Certified Public Accountant employees. Although we have an office in South Dakota, we also have a number of CPAs in other locations that serve, or may serve, a client with its headquarters or main operations in South Dakota. With so many employees, it is administratively difficult to discern which CPAs are actively serving South Dakota clients at any given point.

The firm permit renewal process for McGladrey this year was a difficult one. We first submitted names of our CPAs who were located in South Dakota. Then, we were asked to provide the names of those who practiced in South Dakota. It was a time consuming for our firm to provide these names since each individual who had, at one point, served a client in South Dakota had to be individually contacted. With over 2,000 active CPAs practicing in all states, it is also difficult to determine which CPAs may have new clients in South Dakota and are practicing in the state under mobility.

In order to fully embrace the notion of mobility, which was designed to ease the administrative burden on CPAs in order to best serve clients and the public accounting industry, it should not be necessary to register on McGladrey's firm permit those who are registered in other states but are practicing under mobility in South Dakota. This would be consistent with the majority of states where firm registration includes only those CPAs who are located in the state.

Should you need additional information, please feel free to contact me.

Sincerely,

Helen M. Business

Regulatory Compliance Manager

McGladrey & Pullen, LLP

CC: Laura Coome, Executive Director, South Dakota CPA Society

Leah Van Dam, Audit Manager, McGladrey & Pullen, LLP

STRATEGIC PLANNING

Nicole Kasin

The board has had short discussions on strategic planning and has asked the subject be vetted during an in person meeting.

As mentioned in the ED Report, the DLR has offered to hire a professional strategic planner for the Boards and Commissions to utilize.

I am looking to see what each member has as some of the short and long term goals/vision for the board.

We may use this session as a brainstorming time and discuss if we prefer to utilize the DLR offer.

EXPOSURE DRAFT

PROPOSED REVISIONS TO

AICPA/NASBA UNIFORM ACCOUNTANCY ACT and NASBA UNIFORM ACCOUNTANCY ACT RULES

SECTION 3 and Article 14

December 2010

2009 – 2010 AICPA UAA Committee

Kevin Currier, CPA – Chair
Gary Bolinger
Conrad Davis, CPA
Sharon Jensen, CPA
Richard Jones, CPA
Stephen McConnel, CPA
Kevin McCoy, CPA
Gary McIntosh, CPA
Kevin Mitchell, CPA
W.G. Spoor, CPA
Melanie Thompson, CPA
Nancy Wolven-Juron, CPA

2009-2010 NASBA UAA Committee

Laurie Tish, CPA - Chair
Sharron Cirillo, PA
Donald Driftmier, CPA
Andrew DuBoff, CPA
J. Dwight Hadley, CPA
Robert Hyde, CPA
Thomas Mulligan, CPA
Ronald Nielsen, CPA
Robert Pearson, CPA
Lisa Mays Stickel, CPA
James F. Thielen, CPA

Please submit comments by March 4, 2011 to:

Aaron Castelo – acastelo@aicpa.org
or
Louise Dratler Haberman – lhberman@nasba.org

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INTRODUCTION

December 7, 2010

The AICPA/NASBA Uniform Accountancy Act (UAA) Committee has worked over the past year to consider guidelines as to what are and what are not misleading CPA firm names. The proposed changes to the Uniform Accountancy Act (UAA) and Uniform Accountancy Act Model Rules (Model Rules) in this exposure draft are the result of these efforts.

AICPA and NASBA began considering these firm name issues in August 2008 when the leadership of the two organizations called for the formation of a joint group to study CPA firm names. This study group was formed because of the lack of uniformity at the state level and the inconsistent guidance and practice surrounding the definition and use of permissible CPA firm names. The study group published a White Paper on CPA Firm Names in August 2009. In the conclusion, the White Paper urged the AICPA/NASBA UAA Committee to use the discussion and conclusions to help make appropriate conforming revisions to the UAA Statute and Model Rules.

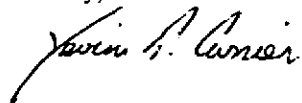
During deliberations, the UAA Committee sought guidance from AICPA's Professional Ethics Executive Committee (PEEC), and carefully considered definitions and concepts from PEEC's Interpretation 101-17 under Rule 101. This Interpretation was finalized in 2010 by the Professional Ethics Executive Committee and is effective for engagements after July 1, 2011. The Interpretation addresses when firms and entities in associations that share certain characteristics are considered to be a Network and therefore must be independent of certain attest clients of the other Network firms. Additionally, the UAA Committee also considered concepts in the AICPA Code of Professional Conduct Rule 505 "Form of Organization and Name," and PEEC's Ethics Ruling 179 "Practice of Public Accounting Under Name of Association or Group."

The discussion and conclusions noted in the White Paper on CPA Firm Names and the PEEC's Interpretations and Rules form the foundation of the proposed revisions to the UAA and the Model Rules. These proposed revisions are intended to provide the statutory and regulatory framework to CPA Firms and the State Boards of Accountancy who regulate them on acceptable CPA firm names configurations, Network or otherwise, and to provide public protections from CPA firm names which may be considered misleading.


If you need additional assistance or have questions, please contact Aaron Castelo at AICPA at 202-434-9261 or Louise Haberman at NASBA at 212-644-6469.

Thank you for your continued support and assistance.

Sincerely,



Kevin E. Currier, CPA
AICPA UAA Committee Chair -2010



Laurie J. Tish, CPA
NASBA UAA Committee Chair - 2010

SUMMARY OF PROPOSED REVISIONS

The proposed changes add a definition of “Network” and “Network Firm” to the Uniform Accountancy Act.

A new Rule 14-1 is being proposed to provide guidance to State Boards and firms on CPA Firm names. The new rule provides specific criteria on which names should be considered misleading and which are permissible, and sets guidelines for the usage of Network Firm names.

New language is being recommended to the commentary of Rule 14-1 of the Uniform Accountancy Act Model Rules to recognize implications to mobility when considering CPA Firm names.

TEXT OF PROPOSED STATUTE REVISIONS BY SECTION

Note: The material set out below is the proposed statutory text and commentary of the relevant UAA provisions. The proposed language to be added is underlined, and proposed deleted language is stricken-through.

SECTION 3 DEFINITIONS

3 (n) "Network" means an association of two or more entities that includes at least one CPA firm that:

- (1) Cooperates pursuant to an agreement for the purpose of enhancing the firms' capabilities to provide professional services, and;
- (2) Shares one or more of the following characteristics:
 - (a) The use of a common brand name, including common initials, as part of the firm name;
 - (b) Common control, as defined by generally accepted accounting principles in the United States, among the firms through ownership, management, or other means;
 - (c) Profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals and training courses, and other costs that are immaterial to the firm;
 - (d) Common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy;
 - (e) Significant part of professional resources;
 - (f) Common quality control policies and procedures that participating firms are required to implement and that are monitored by the association.

A Network may comprise a subset of entities within an association if only that subset of entities cooperates and shares one or more of the characteristics set forth in the previous list.

3 (o) "Network Firm" means a CPA Firm, as defined in Section 3 (g), that is part of a Network, as defined in Section 3(n).

COMMENT: For the purposes of subsection (2)(f), "monitored" means the process comprising an ongoing consideration and evaluation of the firm's system of quality control, the objective of which is to enable the association to obtain reasonable assurance that the firm's system of quality control is designed appropriately and operating effectively.

TEXT OF PROPOSED RULES REVISIONS BY ARTICLE

Note: The material set out below is the proposed rules text and commentary of the relevant UAA provisions. The proposed language to be added is underlined, and proposed deleted language is stricken-through.

ARTICLE 14 UNLAWFUL ACTS

Rule 14-1 - Misleading CPA Firm names.

~~A CPA firm name is misleading within the meaning of Section 14(i) of the Act if, among other things:~~

- ~~(a) The CPA firm name implies the existence of a corporation when the firm is not a corporation;~~
- ~~(b) The CPA firm name implies existence of a partnership when there is not a partnership (as in "Smith & Jones, C.P.A.s");~~
- ~~(c) The CPA firm name includes the name of a person who is neither a present nor a past partner, member or shareholder of the firm; or~~
- ~~(d) The CPA firm name includes the name of a person who is not a CPA if the title "CPAs" is included in the firm name.~~

(a) A misleading CPA Firm name is one which:

- (1) Contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who are the owners or members of the firm, such as a reference to a type of organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example:**

- (A) Implies the existence of a corporation when the firm is not a corporation such as through the use of the words "corporation,"**

“incorporated”, “Ltd.”, “professional corporation”, or an abbreviation thereof as part of the firm name if the firm is not incorporated or is not a professional corporation;

(B) Implies the existence of a partnership when there is not a partnership such as by use of the term “partnership” or “limited liability partnership” or the abbreviation “L.L.P.” if the firm is not such an entity;

(C) Includes the name of an individual who is not a CPA if the title “CPAs” is included in the firm name;

(D) Includes information about or indicates an association with persons who are not members of the firm, except as permitted pursuant to Section 3(n) and 3(o) of the Act; or

(E) Includes the terms “& Company,” “& Associate,” or “Group,” but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.

(2) Contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, through the use of a false or unjustified statement of fact as to any material matter;

(3) Claims or implies the ability to influence a regulatory body or official;

(4) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding himself out as a Certified Public Accountant.

(b) The following types of CPA Firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of Rule 14-1(a):

(1) A firm name that includes the names of one or more former or

present owners;

(2) A firm name that excludes the names of one or more former or present owners;

(3) A firm name that uses the CPA title as part of the firm name when all named individuals are owners of the firm who hold such title or are former owners who held such title at the time they ceased to be owners of the firm;

(4) A firm name that includes the name of a non-CPA owner if the CPA title is not a part of the firm name;

(c) The following types of Network Firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of Rule 14-1(a), and when offering or rendering services that require independence under AICPA standards, a firm that is part of a Network and a Network Firm, as defined in Section 3(o) of the Act, shall be required to comply with AICPA independence standards applicable to Network Firms:

(1) A firm name that uses a common brand name, or shares common initials, as part of the firm name, provided the firm is a Network Firm as defined in Section 3(o) of the Act;

(2) A Network Firm, as defined in Section 3(o) of the Act, may use the Network name as the firm name, provided it also shares one or more of the characteristics described in Section 3(n)(2) (b) through 3(n)(2)(f) of the Act.

COMMENT: With regard to practice in this State under Section 7(a)(1)(c), 7(a)(2) or 7(a)(3) of the Act, in determining whether a CPA Firm name is misleading, the Board recognizes that it is the policy of this State to promote interstate mobility for CPAs and CPA firms which employ them, and shall also consider the basis for approval of the same CPA Firm name by another state's board of accountancy.

~~Rule 14-2 - Fictitious firm names.~~

~~A fictitious CPA firm name (that is, one not consisting of the names or initials of one or more present or former partners, members or shareholders) may not be used by a CPA firm unless such name has been registered with and approved by the Board as not being false or misleading.~~

Note: Current UAA Rules 14-3 Safe Harbor Language will be re-numbered to Rule 14-2.



Jeremiah W. (Jay) Nixon
Governor
State of Missouri

Jane A. Rackers, Division Director
DIVISION OF PROFESSIONAL REGISTRATION

Department of Insurance
Financial Institutions
and Professional Registration
John M. Huff, Director

MISSOURI STATE BOARD OF ACCOUNTANCY
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573-751-0890 FAX
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800-735-2466 Voice Relay Missouri
mosba@pr.mo.gov
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Pamela Ives Hill, CPA
Executive Director

Laurie Tish, CPA, Chair
Uniform Accountancy Act Committee
National Association of State Boards of Accountancy
150 4th Avenue North Suite 700
Nashville TN 37219

Dear Ms. Tish,

Thank you for providing the Missouri State Board of Accountancy ("Board") with the opportunity to comment on the December 2010 Exposure Draft of the Uniform Accountancy Act ("UAA").

The Board has six comments it wishes to convey regarding the proposed revisions to the UAA in regards to firm names and network names. Missouri statute §326.289.6 provides that firm names may not be misleading. The exposure draft carves out an exception for firm names which belong to a network. The Board has several concerns in this area:

- 1. All CPA firms should have uniform regulations regardless of the name.*

Independence standards should be consistent whether or not the firms are in a network. The proposed language creates confusion as to when the independence standard is applicable. Additionally, network firms lack the appearance of independence when performing services for other member firms. Although the language points to the AICPA standard, ET § 101.-17 creates a subjective standard in applying the rule of independence.

2. *There is no standard for what a network entity may be called.*

CPA firms are currently subject to clear standards for their firm names, such as use of a former owner, etc. The proposed language permits networks to use brand names or initials, but does not prohibit the names which may be misconstrued with other individuals, other entities, or other CPAs. Thus, network firms are not held to the same name standards as non-network firms.

3. *Legal liability for network firms remains unclear.*

The *Parmalat* decision brought to the surface the issue of legal liability for the actions of a network firm. Network firms attempt to resolve this issue with extensive disclaimers in their engagement letters. The use of disclaimers creates confusion as to who will be ultimately responsible for the work-product. The disclaimers also act as a legal shield for CPA firms who benefit from the use of a network name, but then disclaim liability.

4. *Regulatory liability for network firms remains unclear.*

Similar to the issue of legal liability, the professional licensing liability remains uncertain. If a network is designed to have control over the member firms, what will be the regulatory liability of the individual firms in the event of a violation of professional standards. If an individual member is disciplined, when may another member firm be disciplined? Likewise, if a member firm acts as a subcontractor for another member, which or both may be liable for professional violations?

5. *The Board lacks sufficient safeguards to ensure that network firms actually operate as a network with control.*

One of the stated goals of the exposure draft is to ensure that a network firm truly operates as a network with control. However, the Board must rely upon the representations of the firm that it meets the criteria during the application process. If a network name is approved, the Board lacks the ability and resources to ensure that network firms continue to operate within the guidelines of the proposed UAA provisions.

6. *The proposed commentary language restricts the Board's ability to make independent decisions.*

The commentary language requires the Board to consider other states prior approvals as a factor in approving a network name. This diminishes the

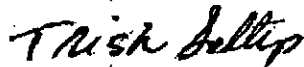
Ms. Laurie Tish
Page 3
February 24, 2011

Board's independent authority. The commentary language also encourages forum shopping by network firms for the state of least resistance.

The Board has grave reservations on the proposed revision to the UAA and trusts the committee appreciates our concerns and will reconsider the matter.

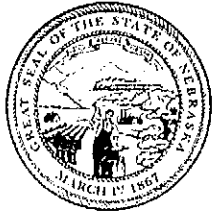
The Board is grateful for the opportunity allowing us to express our concerns regarding the December 2010 Exposure Draft of the Uniform Accountancy Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia A. Soltys".

Patricia A. Soltys, CPA
President

PIH/rrf



Dave Heineman
Governor

STATE OF NEBRASKA

BOARD OF PUBLIC ACCOUNTANCY

P.O.Box 94725, Lincoln, NE 68509
140 N. 8th St., #290, Lincoln, NE 68508
(402) 471-3595 or (800) 564-6111
Fax (402) 471-4484 E-mail: nbpa01@nol.org
Home Page: www.nbpa.ne.gov

February 1, 2011

Ms. Laurie J. Tish, CPA
NASBA UAA Committee Chair

Mr. Kevin E. Currier, CPA
AICPA UAA Committee Chair

Re: Exposure Draft- Section 3 and Article 14

Dear Ms. Tish & Mr. Currier,

The Nebraska State Board of Public Accountancy would like to comment on the Exposure Draft released by your committee regarding recommended changes to Section 3 of the Uniform Accountancy Act and Article 14 of the UAA Rules.

First of all, the Board acknowledges the work of those involved within the original CPA Firm Name Study Group, the AICPA PEEC, and your current committee. We wrestled with the firm name issue several years ago and understand the complications and many of the issues you identified. We believe this exercise was timely and will assist State Boards currently involved in firm structure/name issues. Many will look to the UAA and UAA Rules to begin the process of policy review and to understand the current issues involved in the structure and naming of CPA Firms.

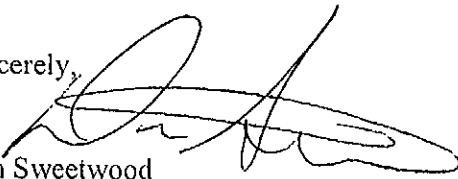
The creation and inclusion of a definition of "Network" and "Network Firms" is helpful to our Board. We will look to include these definitions within future Board policy and/or rules to assist in clarifying how Network firms operate and hold out in Nebraska. Other specific identified areas that might mislead will also be reviewed and incorporated to future policy and/or rules.

Again, this exposure is helpful to State Boards. However, it only lends itself for consideration as each Board makes decisions that are best for the citizens of the state they represent. Although a more uniform policy on firm names and structure might be desirable as indicated, each State Board will still on a case by case basis make decisions relative to firm names. They will base this on current law, regulations, and policy including the "*subjective*" nature of what is *misleading*. This could include the beliefs and thoughts of current Board members intensifying the "*subjective*" nature of the decision.

Based on the above, we believe the comment after Article 14-1c (2) should be deleted. State Boards understand the importance of Mobility as most adopted the provisions to allow for it. However, the issue of firm names should not be intertwined with Mobility. Simply, State Boards will continue to make decisions relative to firm names based on what is perceived as misleading in their state to protect the public and not based on Mobility. The comment suggests State Boards should *not* make decisions independently but rather "*shall*" consider the decisions of another State Board. We suggest this is bad precedent for the overall relevance of the UAA to State Boards.

If you have any questions and/or concerns regarding our comment, please do not hesitate to contact me at (402) 471-3595 or at Dan.Sweetwood@Nebraska.gov.

Sincerely,



Dan Sweetwood
Executive Director

cc. Mr. Douglas Skiles, CPA- Chair



North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh NC 27605 • (919) 733-4222 • Fax (919) 733-4209 • www.nccpaboard.gov

February 21, 2011

Laurie Tish, CPA, Chair
Uniform Accountancy Act Committee
National Association of State Boards of Accountancy
150 4th Avenue North Suite 700
Nashville TN 37219

Dear Ms. Tish:

Thank you for providing the North Carolina State Board of CPA Examiners (the Board) with the opportunity to comment on the December 2010 Exposure Draft of the Uniform Accountancy Act (UAA). The Board appreciates the work that you and your committee did in preparing the Exposure Draft for the boards of accountancy.

In reviewing the proposed revisions to Section 3 (Definitions) and Article 14 (Unlawful Acts) of the UAA, many of these rules, such as 14-1 (a)(1)(A)(B)(C) and (b)(1)(2)(3), are already in the Board's rules. The proposed rules that would allow the use of a "network," "association," "common brand," "common initials," and "non-CPA name" in a CPA firm name are currently prohibited in North Carolina and have been found to have the capacity or tendency to deceive by the Board in two matters (*see attached Declaratory Rulings*). The Board successfully defended an appeal of the McGladrey & Pullen LLP ruling to the U.S. Supreme Court (*see attached NC Court of Appeals Ruling*). The other ruling was never appealed. Both rulings were based upon evidence of the public being deceived, confused, and misled.

The Board prohibits the use of "& Company," "& Associates," "Group," or "Firm" in a CPA firm name if there is only one partner, shareholder, owner, or member even if the CPA firm has staff employees who are CPAs. The use of a "non-CPA name" in the CPA firm name is not permitted even if "CPA" is not used in the CPA firm name as registered with the Board.

The prime responsibility of the Board is the protection of the public. The use of "network," "association," "common brand," "common initials," or "non-CPA name" in CPA firm names could have the capacity or tendency to deceive the public, clients, and even employees. The Board cannot support the proposed revisions to the UAA as

currently written. However, the Board wishes to remain open-minded regarding the issues addressed in the Exposure Draft. To allow the Board to make a more informed decision on the matter, the Board asks that the UAA Committee consider extending the comment period and to provide clarity on the definitions of, and differences between, "association" and "network."

Again, thank you for allowing the North Carolina State Board of CPA Examiners to comment on the December 2010 Exposure Draft of the Uniform Accountancy Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael C. Jordan". The signature is fluid and cursive, with a large, stylized "J" at the end.

Michael C. Jordan, CPA
President

RNB/lrh
Enclosures



STATE OF TENNESSEE
TENNESSEE STATE BOARD OF ACCOUNTANCY
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
DAVY CROCKETT TOWER
NASHVILLE, TENNESSEE 37243
615-741-2550

01 March 2011

Laurie Tish, CPA, Chair
Uniform Accountancy Act Committee
National Association of State Boards of Accountancy
150 4th Avenue North
Suite 700
Nashville, Tennessee 37219

Dear Ms. Tish:

The Tennessee State Board of Accountancy ("Board") appreciates the opportunity to comment on the December 2010 Exposure Draft of the Uniform Accountancy Act ("UAA").

In response to the UAA Committee's proposed guidelines for uniform rules concerning misleading firm names, the Board has determined that numerals and symbols are not appropriate for use in the name of an accounting firm. At their meeting on 28 January 2011, the Board voted unanimously to exclude numerals and symbols in the name of any firm licensed by this Board.

We appreciate the need for uniformity concerning firm names in various jurisdictions, and do give consideration to names that have already received approval by other boards. However, even though a firm may have received approval from another jurisdiction to use a name that includes numerals or symbols, that firm will not be issued a license to practice public accountancy in the State of Tennessee under that firm name.

The Board is of the opinion that the use of numerals and symbols in a firm name should be given consideration by the UAA Committee and trusts that the Committee will draft an appropriate revision to address this issue.

Best regards,

Mark H. Crocker, CPA
Executive Director
Tennessee State Board of Accountancy

**STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANTS
OF LOUISIANA**

601 Poydras Street, Suite 1770
New Orleans, Louisiana 70130

Date: May 2, 2011

To: AICPA / NASBA UAA Committee
c/o Louise Haberman via lhavernan@nasba.org

From: Michael Henderson

RE: Exposure Draft – UAA Section 3 and Rules Article 14 (December 2010)

Thank you for the extension of time to comment on this Exposure Draft. The Louisiana Board will likely not adopt the changes proposed in the Exposure Draft. On behalf of the Board, I submit these comments:

Comments of other State Boards:

We have noted that the Missouri Board has raised several significant issues that caused it to have “grave reservations” regarding the proposed changes. And, we note that the North Carolina Board is not supportive of the draft as currently written and has asked for more information. In addition, Tennessee and Nebraska cited their concerns. We trust the Committee will address the concerns of these regulators.

Network firms / Brand names:

The use of the same or similar name by an affiliate of an existing CPA firm has previously been addressed in our Rules. The Louisiana Board began addressing this issue ten years ago when a number of firms were restructuring, or dividing their practices by spinning off practice areas and creating legally separate audit, tax, consulting, and/or investment advisory firms, but seeking to use the same name, a similar name, or a common *brand name*. Several firms contacted the Board about this matter.

Eventually, this led to a revision of our Rules that was drafted in 2006 and promulgated in 2007. Under our revised “Acting Through Others” rule, affiliated firms using a common or similar name may need to have a firm permit and satisfy the requirements for a firm permit. Each such firm that performs services in Louisiana (regardless of whether the particular member firm uses the CPA title or performs attest services) would need a permit, except in those instances that an affiliated firm does not qualify for firm permit, because of a lack of majority CPA ownership, for example. In those cases, the affiliated CPA firm that holds the firm permit must submit a written agreement in which it takes responsibility for acts or failures of the unlicensed firm in the event of a complaint to our Board against the unlicensed firm.

The reasoning to have such a rule is that it is considered misleading to clients and the public for a number of legally different firms to use the same or very similar name (firms which may even share the very same office space and be operated by the same people) and for these firms to not satisfy and be under the same requirements for licensure or be accountable to a regulatory body.

It does not seem like sound policy that only one, of several firms using the very same name and practicing in our state, be licensed and qualify for a firm permit, that clients may not know which of these firms are licensed, and a complaint is filed with the Board against one of the unlicensed firms and the question of jurisdiction is raised.

Nor does it make sense that board of accountancy rules could allow a firm that potentially could be wholly-owned by unlicensed persons to use a licensed CPA firm's name or use the identical *brand name*, and that somehow this Board would conclude that this is not misleading.

Misleading names / Article 14:

Rule 14-1 (a)(1)(D):

Includes the phrase “except as permitted pursuant to Section 3(n) and 3(o) of the Act”. But, those sections are simply definitions. Did you mean to state “except as defined in Section 3(n) and 3(o) of the Act”? Or, should this phrase more properly cite Article 14-1 (c)?

Rule 14-1 (a)(2) and (b)(2); and deletion of Rule 14-2:

These proposed changes would allow for *brand* names, or *fictitious* names, or *non-person* names, or words other than owner/member names. But, doesn't this directly conflict with the criteria of Rule 14-1 (a)(1) and create confusion about who are the owners and members of the firm?

Furthermore, the wording of Rule 14-1 (a)(2) indicates that a firm name could represent an expectation of results or capabilities through statements on material matters – that is, as long as they are not “false or unjustified”.

If *non-person* or *fictitious* names are allowed, does that mean that firm names like “Inexpensive Audit [or Tax] [or Consulting] Solutions”, or “Complete and Accurate Accounting Services”, or “Big Bottom Line, CPAs”, or “Fast Financial Reporting, LLC”, or “Largest Possible Refund Tax Return Services”, or “Competent CPAs, LLC”, “Louisiana CPAs, LLP”, “Louisiana State Board Certified Auditors, LLC” would be false or unjustified?

Apparently, the Committee thinks that removing restrictions from firm names is a good idea. But, would it not be preferable to cite in the rules that a firm name may not violate the Board's rules on advertising which may already prohibit **fraudulent, misleading, deceptive representations or claims, or a failure to make full disclosure of relevant facts, along with a host of other useful items** in considering the acceptability of a firm name. Moreover, state boards' advertising rules are often of greater scope than the AICPA's.

Public protection:

Did the Committee consider the fact some firms do not have the title “CPA” or “Certified Public Accountants” in their names, and may not even advertise as CPAs, and whether that is tantamount to being misleading to the public?

May 3, 2011

TO: State Board Presidents, Chairs, Members and Executive Directors
FROM: NASBA Executive Committee
RE: Standard Setting for Nonpublic Entities

The Board of Trustees of the Financial Accounting Foundation (FAF) recently announced the formation of a Trustee Working Group to address the important topic of accounting standard setting for nonpublic entities. As a first step in the process to look at one component of this issue, the FAF created the Blue Ribbon Panel on Standard Setting for Private Companies, sponsored jointly with the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA). The Panel concluded its work in January 2011 and issued a report. The establishment of the Working Group is the next phase of the FAF's review of the adequacy and effectiveness of the Financial Accounting Standards Board's (FASB) efforts in setting standards for the private company and non-profit sectors in the United States.

The Working Group is conducting outreach to stakeholders in various ways, including roundtable meetings, surveys, and meetings with advisory and constituent groups and others. In conjunction with obtaining input on the scope of the issues and concerns to be addressed, the Trustees also will seek input on suggested improvements, including the solutions recommended by the Blue Ribbon Panel. Upon the conclusion of the Working Group's study, it is expected to issue an Exposure Draft of recommendations for public comment. The State Boards of Accountancy will, of course, want to respond. Until then, NASBA will continue to keep the State Boards abreast of the issue at our Regional and Annual Meetings, as well as through supplemental communications and offers to speak with individual State Boards, as requested.

To insure that NASBA leadership is providing an accurate portrayal of the State Boards' position on this topic, we will be discussing it at the 2011 Regional Meetings. As background for those discussions, we have attached excerpts from both the minority and majority positions, respectively, of the Blue Ribbon Panel members either from public comments made at BRP meetings or the final Blue Ribbon Panel report. You should note that NASBA led the minority position.

Boards should recall Section 209 of the Sarbanes-Oxley Act, which acknowledges the necessity of State Boards' input: "In supervising [regulating] nonregistered public accounting firms and their associated persons, appropriate State regulatory authorities [the State Boards of Accountancy] should make an independent determination of the proper standards applicable, particularly taking into consideration the size and nature of the business of the accounting firms they supervise and the size and nature of the business of the clients of those firms."

BLUE RIBBON PANEL MINORITY POSITION

(Excerpted from the BRP report and NASBA public comments)

The State Boards of Accountancy have continued to carefully review the draft models, structures and related information resulting from the Blue Ribbon Panel (BRP) meetings to date. We have not reached the same conclusion as the BRP majority. Nor did the Federal Institution Regulatory Agencies (representing the National Credit Union Administration, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of

the Currency and Office of Thrift Supervision), the Great American Insurance Company¹, and BRP members Terri Polley, Dev Strischek and Teri Yohn.

Changes are needed in U.S. accounting standard setting, but such changes must address the increasing complexity of accounting standards, the relevance of financial statement information to users and the increasing costs to comply with today's accounting standards. These issues have been decried in the BRP process, but why they only apply to private companies has not been substantiated. It's our view that complex and irrelevant accounting standards must be reined in for both private and public entities.

In the U.S. today, about 15,000 public companies registered with the Securities and Exchange Commission have evolved from about 26-29,000,000 private entities -- and they have used a common set of accounting standards to measure profits and net worth. In addition to companies that "go public," there are also public companies that return to private status. This is a public policy issue: The U.S. cannot have two parallel accounting standard setters. Financial statements must reflect the underlying economics of transactions consistently and with a common conceptual framework and measurement, regardless of membership underlying securities.

Users Have Not Protested

In the BRP meetings, we have not heard a strong outcry from financial statement users that differential accounting standards are needed. In response to the BRP's survey questions, the Federal Financial Institution Regulatory Agencies wrote: "The staffs are very concerned about potential approaches that would establish two or more sets of accounting standards for U.S. public and private companies, primarily because of the high probability that such standards would produce materially different results from a recognition and measurement perspective."

The negative consequences of differential accounting standards would far outweigh any benefits to the stakeholders. Such anticipated fallout would include:

- (a) Absence of comparability among entities within industries and as entities mature from one reporting sector to another,
- (b) Incremental costs of dual accounting standards-setting bodies and processes,
- (c) Added strain and costs to users, practitioners, preparers, educators, students and regulators, and
- (d) Bifurcation of the accounting talent pool in all sectors.

Confidence in the FAF

Separate accounting standards are not the answer, and an additional separate accounting standard-setting body is not justified. We (NASBA) support a single U.S. set of accounting

¹ See responses to BRP survey

standards with enhancements or exceptions for private entities as to disclosure and financial reporting, but generally not as to measurement. The expansion of the FASB to seven board members, including a sufficient number to affect private entity influence, is an appropriate first step, as is the immediate need for dedicated and effective FASB senior staff to support accounting standards development, implementation and interpretation. We have confidence the Financial Accounting Foundation (FAF) will ensure its appropriate and consistent oversight, including private entity influence both in fact and in appearance.

As an independently funded body, it is very important from a public confidence and protection standpoint that the FAF step up its leadership of the FASB, as it was designed to do. Further, it must both establish and maintain the strategy, fairness and consistency of the accounting and financial reporting rules promulgation process which is supported by a conceptual framework. If this is not properly accomplished, ad hoc changes to financial reporting standards will continue, public confidence will be diminished and added governmental intervention could occur. Such concerns have been continually expressed, by the State Boards of Accountancy and others, about the IFRS standard setting prospects through the IASB. Thus, the FAF's mission is key to the ultimate conclusions reached by this Panel and on this topic. We (NASBA) support the FAF and believe it has begun to demonstrate its intent and ability to facilitate change.

We support U.S. GAAP, for both private and public entities, together with minimal, but allowable, exclusions or enhancements as to disclosure and financial reporting -- but few, if any, differences as to measurement. Such standards development must be supported by a vibrant, dedicated private entity work stream within the FASB, together with FASB board member recognition of the importance of this sector. The objectives are to avoid differential standards by separate standard-setting bodies and to utilize the existing structure, which we believe can be successfully adjusted.

Other Possible Services - Reporting Standards

It should be noted that in private entity situations where various forms of assurance, other than audited financial statements, are possible, it is incumbent on users to consider the benefits and acceptability of such alternative forms of assurance, as opposed to the rigors and costs associated with audited financial statements. In many cases, more cost effective alternatives to an audit exist which are sufficient to meet the user's needs and should be considered. Auditing and financial reporting standard setting processes must address this issue.

Standard-Setting at the Crossroads

Everything we recommend can be done now. There is no need to wait 2-5 years and risk uncertainty of the establishment of another board that may, or may not, seamlessly improve private company standards.

Both the FASB and the SEC now need to focus on standard setting with a new dimension of consideration. The SEC on October 29, 2010 released a progress report on its work plan for the consideration of incorporating International Financial Reporting Standards. The public, including users, preparers and practitioners, must understand the outcome of accounting

standards applications and no timeline for major changes has yet been announced. Whether, when and how the current financial reporting system may be transitioning to a system incorporating IFRS is still under debate. Once the SEC determines its next course of action, the landscape in which private company standards are set may change significantly. This is indeed an integrated issue. Such substantial changes in standard setting must emanate from concrete rather than emotional reasoning.

BLUE RIBBON PANEL MAJORITY VIEW

(Excerpted from January 2011 BRP report on www.fasb.org)

New Board

The supermajority view of BRP members is that the current FASB and even a restructured FASB cannot produce the needed exceptions and modifications to GAAP for private company financial reporting. Those BRP members believe that throughout its history, the FASB has been geared, in its composition and its processes, very heavily toward public companies, with exceptions and modifications in GAAP for private companies too rare and extremely difficult to achieve, especially in areas other than disclosure—that is recognition, measurement, and presentation. Members of a board with authority to set accounting standards for private companies must possess the perspective of those stakeholders, and the FASB cannot be sufficiently restructured or possess enough of the essential private company representation needed to set GAAP for private companies. A new board is the most realistic path forward in overcoming the systemic issue related to the relevance of GAAP for private companies.

PROS AND CONS CONSIDERED FOR THE BRP RECOMMENDATIONS

The BRP considered the following pros and cons in its deliberations to arrive at the recommended model and structure:

Pros:

A GAAP-with-exceptions-and-modifications model:

- Can be achieved more quickly than some of the other models considered
- Maintains a significant degree of consistency and comparability between public and private companies compared with other models considered
- Minimizes the costs to private companies that choose to “go public” compared with other models considered
- Avoids confusion and system complexity from two highly divergent sets of U.S. GAAP
- Has lower education and training costs than other models considered.

A separate private company board:

- Could provide appropriate structural separation from the pressures that the FASB faces in addressing the needs of public company stakeholders, including the SEC
- Could better address the different needs of private company financial statement users given a targeted focus on one constituency.

Cons:

- A GAAP-with-exceptions-and-modifications model might not be perceived as being sufficiently responsive to complexity and cost issues for private companies (compared with, for example, a separate, self-contained set of private company standards).
- Since the pace of standard setting is often driven (or perceived to be driven) by SEC/public company sector needs or concerns, a GAAP-with-exceptions-and-modifications model probably affords less opportunity for the standard setter to keep the pace of standard-setting activities to a level that facilitates participation by the private company sector (which generally has fewer resources) in the standard setter's due process compared with other models considered.
- Depending on the extent of exceptions and modifications made by a new board, the result could be substantially different accounting standards for private companies resulting in a lack of comparability, and additional costs and strain to some in the U.S. financial reporting chain. Once a separate board is given authority over private company standard setting, there may be limited ability to stop any such divergence.
- Two boards having authoritative responsibility for an overall, single-GAAP model is unproven and has not been used in other countries.
- It could make engagement in due process inefficient and even confusing for stakeholders that are interested in both public and private companies, and it could possibly undermine the authority of one or both boards.
- Additional funding sources will be required.

The BRP considered the various pros and cons and placed more weight on some factors than on others. The general consensus was that although some models had appeal in the long term, the recommended model has the advantage of achieving needed relief in the near term without adding significant complexity or comparability complications. The BRP also believed that, with a clear mission for the new board, proper coordination of the board with the FASB, and appropriate oversight of the board by the FAF, at least some of the cons would be mitigated.

CONCLUSION ON BRP RECOMMENDED MODEL AND STRUCTURE

In light of the frustrations expressed about the lack of relevance of some GAAP standards and the complexity and rapid pace of change in GAAP by many private company preparers and CPA practitioners in the written public submissions and elsewhere, and because of the length of time needed to achieve the various end-state models, the BRP majority recommends the U.S. GAAP model with exceptions and modifications for private companies, set by a separate private company board. The BRP majority believes that this model and structure would be the most effective approach to improve relevance of standards and to get relief for private company stakeholders in the near term. The BRP majority acknowledges that a two-board structure has risks (as noted above) but firmly believes that through proper coordination and effective two-way communication, the two boards will be able to set appropriate standards that best meet the needs of users of private company GAAP financial statements in a cost-effective manner.

The BRP majority also recognizes that the FAF or the new board could consider a succession (evolution) of models as a longer-term solution.

V. ADDITIONAL BRP RECOMMENDATIONS: SHORT-TERM, TRANSITIONAL, AND OTHER

Short-term and Transitional Actions by the FASB and the FAF

While the BRP firmly believes that significant change is urgently needed and encourages the FAF to take prompt action to implement the Panel's recommendations on model and structure, the Panel recognizes that the Trustees will need time to vet the recommendations, especially concerning the creation of a new board, both internally and publicly, and, if the Trustees concur, to then put a new board into place. In light of this, the BRP recommends that the FAF and the FASB take, or in some cases continue to take, certain actions that can be implemented in the short term or can be transitional actions to achieve needed near-term relief for private companies and help ensure a successful transition to the model and structure that the Panel majority recommends. The BRP believes that these actions, in whole or in part, do not change its recommendations for fundamental changes or the urgency needed to enact them.

Those recommendations are:

1. The FAF should fill at least one of the currently open board positions with individuals who have primarily private company background and experience.¹²

2. The FASB should continue to work closely with the PCFRC or another similar dedicated work stream. It should continue to have one or more board members present at each PCFRC meeting. PCFRC recommendations on Exposure Drafts and other matters should be discussed specifically at open FASB Board meetings.

3. In the short term and continuing as transitional actions until a new board is in place, the FASB should perform the following:

- Continue to hold separate private company roundtables for major projects at locations around the country.

- Incorporate private company concerns expressed at roundtables and in comment letters in the ongoing projects to evaluate whether there should be differences in recognition, measurement, presentation, disclosures, and/or effective dates. In view of publicly expressed concerns, if the board decides that there should be no differences, a clear explanation of their reasoning should be included in the basis for conclusions section of the final standards.

- Consider a delay for private companies in the effective date of major new standards, especially those issued in connection with the FASB-IASB Memorandum of Understanding (MOU) projects, that is longer than the now-routine one-year delay.¹³

These processes described above will most likely continue once the new board is in place but will be led by and/or significantly involve the new board.

¹²The BRP acknowledges that on January 14, 2011, the FAF announced the appointments of two new FASB members, one of which has substantial experience as a private company CFO and the other of which has substantial experience as a user of financial statements, including financial statements of private companies.

¹³The delay would be with respect to the public company effective date. Thus, if, for example, the effective date for a particular MOU project is 2014 for public companies, this recommendation would contemplate an effective date of 2016 or later, rather than 2015, for private companies.

4. The BRP majority recommended that differences in GAAP for private companies be based on a framework (set of decision criteria). Using what it has learned from the two recent roundtables on private company issues with existing GAAP standards as key input, the FASB should begin to articulate “what differentiates private companies from public companies.” This articulation would be used to create the differential framework for private company accounting. The framework would be used to determine whether differences for private companies should be approved. The FASB Board and staff could do much of this work, perhaps with the assistance of an appropriate, broad resource group, even before a decision by the Trustees on a desired model and board structure is finalized. The broad resource group should include significant user representation. If and when a new board is established, it could then complete this work or, if already completed, could review it and either ratify or revise it.

5. The FASB should look at the public comment process in its standard setting and consider taking steps to make it simpler to encourage responses by a broad base of stakeholders.

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors January 14, 2011 – El San Juan Hotel, Isla Verde, PR

1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Michael Daggett at 9:03 a.m. on Friday, January 14, 2011 at the El San Juan Hotel in Isla Verde, Puerto Rico.

2. Report of Attendance

President David Costello reported the following were present:

Officers

Michael T. Daggett, CPA (AZ), Chair
Mark P. Harris, CPA (LA), Vice Chair – Via phone
Billy M. Atkinson, CPA (TX), Past Chair
Theodore W. Long, Jr., CPA (OH), Treasurer, Director-at-Large
Gaylen R. Hansen, CPA (CO), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)
Walter C. Davenport, CPA (NC) – Via phone
Richard Isserman, CPA (NY)
Carlos E. Johnson, CPA (OK)
Harry O. Parsons, CPA (NV)
Kathleen J. Smith, CPA, Esq. (NE)
E. Kent Smoll, CPA (KS)

Regional Directors

Jefferson Chickering, CPA (NH), Northeast
Miley (“Bucky”) Glover, CPA (NC), Middle Atlantic
Janice L. Gray, CPA (OK), Southwest
Telford A. Lodden, CPA (IA), Central
Kenneth R. Odom, CPA (AL), Southeast
Laurie J. Tish, CPA (WA), Pacific
Kim Tredinnick, CPA (WI), Great Lakes
Karen Foster Turner, CPA (CO), Mountain

Executive Directors’ Liaison

Richard C. Sweeney, CPA (WA)

Guests

John B. Peace, CPA, Esq. (AR), Chair Selection Advisory Committee

Staff

David A. Costello, CPA, President and Chief Executive Officer

Ken L. Bishop, Senior Vice President and Chief Operating Officer

Michael R. Bryant, CPA, Chief Financial Officer

Denise Hanley, President Professional Credential Services

Alfonzo Alexander, Chief Relationship Officer

Louise Dratler Haberman, Director - Information and Research

Thomas G. Kenny, Director – Communications

Noel L. Allen, Esq., Legal Counsel

Anita L. Holt, Executive Assistant to the President

3. Approval of Minutes

On a motion by Ms. Smith, seconded by Mr. Burkett, the minutes of the October 22, 2010 meeting of the NASBA Board of Directors were approved with corrections.

4. Election of Officers

Chair Daggett pointed out to the Board that according to the Bylaws both the Treasurer and Secretary are to be voted on by the Board. As the Treasurer customarily serves as the chair of the Administration and Finance Committee, Mr. Daggett said he had asked Mr. Long to fill that role until the Board could select a Treasurer.

Mr. Smoll nominated Mr. Long as Treasurer. Mr. Parsons seconded. No other nominations were made and Mr. Long was unanimously elected Treasurer.

Mr. Lodden nominated Mr. Hansen as Secretary. Mr. Parsons seconded. No other nominations were made and Mr. Hansen was unanimously elected Secretary.

5. Report from the Chair

Chair Daggett reported the UAA Committee had sent out the CPA firm name exposure draft and is awaiting comments. He thanked the AICPA for their cooperation in getting this guidance out in a timely fashion. Mr. Daggett said the firms now need to be informed about the proposed rules and he said the Regional Directors had agreed to discuss this topic during the June Regional Meetings. He observed that a firm name should not restrict practice if there is no legitimate reason for that restriction.

A membership drive will be started by the Center for the Public Trust in May. The CPT has held some good conferences and the membership drive is aimed at getting the support of individuals to keep this effort going, he stated.

The international delivery of the Uniform CPA Examination is moving along with the first administration to be in June.

A model rule to clarify the “attest” definition has been developed by the NASBA UAA Committee. An AICPA committee had changed its standard and then discovered it did not match with the UAA. This topic will be brought up at the AICPA/NASBA leadership summit on January 28, to prevent this type of inconsistency from happening in the future, Mr. Daggett stated. Another topic to be brought up at the summit will be the creation of semi-independent boards. The Boards need the help of the state societies to bring about the semi-independent board and the AICPA can help with that. This topic will also be addressed at the Regional Meetings.

Chair Daggett said the attendees' evaluations of the 2010 Annual Meeting showed it was one of the best meetings NASBA had presented. It was very informative and the speakers were very good. He suggested more time be given to each speaker in the future, but there were no complaints about the length of the presentations.

Commenting on the evaluations, President Costello agreed that it was one of NASBA's highest rated meetings. He said while NASBA encourages candid comments from the meeting's attendees, the staff has been instructed not to include anonymous comments in the summary evaluation report, nor inappropriate or gratuitous comments. Chair Daggett said that comments should not be discouraged as they help in planning future meetings.

Chair Daggett thanked NASBA for giving him the opportunity to represent NASBA at the World Congress of Accountants, held November 8-11, 2010 in Kuala Lumpur, Malaysia. He was accompanied by IQAB Chair William Treacy and NASBA Director of International Relations Linda Biek. Mr. Daggett said at the World Congress he frequently explained how the U.S. regulatory scheme works and the relationship between the AICPA and NASBA. He had also attended a meeting of the IAASB. The IAASB was meeting for five days and the session Mr. Daggett attended was a full-day discussion on compilations.

With President Costello, Mr. Daggett visited the Ohio State Board. Chair Daggett said he had participated telephonically in several NASBA Committees meetings.

Mr. Hansen asked why NASBA was promoting the “semi-independent Board” and not the “independent Board.” Mr. Atkinson said Texas had found the term “semi-independent” was more acceptable to state legislators. The Boards still report back to their state's appropriations committee and other legislative bodies, but they are maintaining themselves, Mr. Atkinson explained. Mr. Johnson added that the State Board Relevance and Effectiveness Committee's Rationale Subcommittee had discussed the term at length before issuing their paper.

6. President's Report

President Costello echoed the phrase “big deal” that Chair Daggett had used in his inaugural speech to describe what this year should be for NASBA. He showed a short video of the old television show, “Let's Make A Deal” and said the theme for NASBA this year should be “it's a big deal.” The Blue Ribbon Panel on Private Company Standard Setting met on December 10, 2010 and their final report is expected to be issued on January 24, 2011. All Boards are going to be encouraged to comment on the report. Mr. Atkinson said the Financial Accounting Foundation will receive the report on February 15 and will form a task force to make recommendations to the FAF's trustees on what action to take in response.

An orientation for new NASBA Board members was held in Nashville on December 16, President Costello said.

The Center for the Public Trust held an annual conference with Baruch College in New York City on "Integrity and Auditing."

Executive Vice President Bishop summarized many of NASBA's activities: He announced that NASBA's Professional Credential Services had just gained a new contract for the Maryland engineers. He also reported the CPE Sponsor Registry currently has 1800 sponsors, with about 100 new sponsors joining each year, and now there is a faster determination process for sponsors' applications. The Accountancy Licensee Library is shining as a good search engine that even the AICPA's Web site is using, Mr. Bishop said. Licensing services for Puerto Rico are growing. A committee is meeting every two weeks to ramp up for the international administration of the Uniform CPA Examination. NASBA now has a TAQ (Training, Analytics and Quality) group to make recommendations on how to improve services. The Accountancy Licensee Database has grown to 32 states fully participating, with no states being politically opposed to coming into the project.

NASBA's CredentialNet product is being looked at in a different way, as interstate mobility has cut into its original market, Mr. Bishop explained. It is going to be revamped for international candidates. The Meetings Division successfully held a conference for another association in this hotel (the El San Juan Hotel) and is adding clients. The National Candidate Database is to have enhanced demographics and tracking of international candidates by the second quarter of 2011.

The sales for Calibrate were not getting near the projections, Mr. Bishop reported; because of mobility legislation there was no reason for people to use the rule engine. Consequently, the product has been changed to market to firms that have their own CPE compliance requirements for their staff. Deloitte and KPMG have extended their contracts for this retooled service, Crowe Chizek Horwath has recently signed on, and three other major firms are considering it, Mr. Bishop said.

President Costello reported NASBA had held a staff chili cookoff and a contest called "Healthy 4 Life" that will be packaged and sold to other organizations. The health contest has created excitement among the staff members and some have also gotten their families involved.

7. Executive Session

The Board went into Executive Session to discuss the selection of a President and Chief Executive Officer to lead NASBA after Mr. Costello retires at the end of 2011.

8. Announcement

At 11:45 a.m. the Board came back into general session. Chair Daggett announced the Board had unanimously voted to appoint Ken L. Bishop as NASBA's next President and Chief Executive Officer. He congratulated Mr. Bishop.

9. Report of the Administration and Finance Committee

A&F Committee Chair Long reported his committee had met on January 13. He noted that there had been an increase in the number of candidates taking the Uniform CPA Examination before the revisions of CBT-e came into effect in January 2011. However, this

increase in revenues from the examination was offset by lack of growth in other areas. He pointed out the Center for the Public Trust had started the year off well with significant donor contributions, including what was collected at the silent auction held in conjunction with the 2010 NASBA Annual Meeting. Mr. Long summarized his remarks by stating that, on both a consolidated and individual-entity basis, the projections for the fiscal year remain on target with budget. CFO Bryant reported NASBA's overall investment income was \$1.1 million through the previous day, which was nearly \$0.5 million more than the budgeted and projected total for the entire fiscal year. The existing substantial excess had not been included in the projections due to the volatility still present in the market. And, Treasurer Long added, the investment advisers had expressed concerns about a possible downward turn in mid-year.

10. Report of the Ethics and Strategic Professional Issues Committee

Committee Chair Hansen reported the 15-member Committee held their first call on December 9 and then met in Nashville on January 5, 2011. One of their projects is discussion of what is the "public interest." IFAC has constructed a six-page framework on this topic. The Committee hopes to come up with ideas that will be useful for regulation and standard-setting. The Committee also intends to be more engaged with the AICPA's Professional Ethics Executive Committee's and IFAC IESBA's processes, as drafts come out from both PEEC and IFAC. The European Commission's Green Paper has been discussed by the Committee. Many of the Green Paper's issues were covered by the US Treasury Departments Advisory Committee on the Auditing Profession (ACAP).

One of ACAP's recommendations – to have regular roundtable meetings of regulators – has not been acted upon and Mr. Hansen said the Committee may come up with a recommendation that NASBA go forward with such meetings.

11. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Johnson said that as a result of the efforts of last year's UAA Committee and its Chair Laurie Tish, the exposure draft on CPA firm names had been issued and comments have been requested by March 4, 2011. The Committee met via conference call on December 11 and determined Colorado is substantially equivalent in accord with the UAA.

He submitted to the Board a proposed Model Rule that relates to the definition of "attest." As part of its Clarity Project, the AICPA has moved the requirements for reporting on controls at service organizations from SAS 70 and placed that into SSAE 16. In some states that change will take such reporting out of the definition of "attest." Model Rule 3-1 (c) is being proposed as an action the Boards could take quickly, as the new standards come into effect on June 15, 2011. UAA Chair Johnson said the entire AICPA/NASBA UAA Committee will come together to look at the "attest" language in the UAA. He explained that if the customary UAA Model Rule exposure process were to be used, some states would miss the 2011 legislative session. In the interest of public protection, Mr. Johnson asked that the Board forgo the usual exposure process and approve the language of Model Rule 3-1 (c) so that it could be sent out to the states for adoption.

Mr. Isserman seconded. Mr. Hansen asked if there would be any follow-up changes. Mr. Johnson said what is being proposed is only being done to continue as a reserved service what

had been in SAS 70. Mr. Allen reported that 30 states don't have a definition that would be impacted by this change, but in a handful of states they must have experience in line with the definition of "attest." In the long run, this will be a statutory fix he advised. He characterized the proposal as an emergency rule for the states that need it, which might be about 20. President Costello suggested the rule be sent to all states as they are all concerned. Mr. Isserman said he thought that if a Board did not react, the services would still be covered under the use of a specialist. Mr. Johnson said the auditing firm would have to make its own decision, and the specialist could be hired by the client. The Model Rule was unanimously approved.

12. Committee on Relations with Member Boards

Committee Chair Odom reported the Committee had met the previous day, including five new Regional Directors, who had attended an orientation session in Nashville on December 16. The Committee discussed the agenda for the June 2011 Regional Meetings, including sessions suggested by NASBA Chair Daggett. Mr. Odom encouraged the Committee chairs to use the Regional Directors' Focus Questions to assist in their gathering input from the Boards. He asked that the committee chairs send him their proposed Focus Questions.

Several states have questions about the UAA exposure draft on CPA firm names and Ms. Tish has agreed to meet with any Board that has a problem with the guidelines in that draft. The Regional Meetings will include breakout sessions on firm names as well as the creation of a semi-independent board.

13. Report of the Continuing Professional Education Advisory Committee

Committee Chair Lodden explained that over the years, because the CPE standards were jointly written by AICPA and NASBA, the "Frequently Asked Questions" functioned almost as standards for the daily operations of the CPE Sponsor Registry. Similarly, the checklist and application form took on the role of standards. The standards required updating as they were written before the development of certain types of delivery methods, such as computer-based group courses. Mr. Lodden has chaired a task force (including other CPE Committee members, AICPA's Craig Mills, EDMAX representatives, question writers) looking at the standards, which since July 2010 has met six times, including twice via conference call. The recommended revisions developed by the task force will be presented to a subcommittee of AICPA and NASBA designated representatives on January 24 for their review and approval. The final product will be brought to the NASBA and AICPA Boards of Directors for their approval.

NASBA has revised its internal system for processing CPE sponsor applications for the National Registry of CPE Sponsors. The process has been simplified and speeded up resulting in an improved delivery system, Mr. Lodden observed. A moratorium on enforcing the standards will remain in effect until the Committee completes the standards revisions. Sponsors will be given an overview of the revised standards at NASBA's March 7-9, 2011, CPE Conference in San Diego. Mr. Lodden said he hopes to bring the revised standards to either the April or July meeting of the Board of Directors for their approval.

14. Report of the Communications Committee

Committee Chair Chickering read the Communications Committee's new charge: "Develop and promote innovative and unique programs and methods for communications by state boards of accountancy and NASBA with other agencies, consumers, the CPA and other related professions, legislative bodies and other NASBA committees."

The Committee has held two conference calls and plans to hold calls each month. Three subcommittees have been established: Social Media Subcommittee, Target Audience Strategies and Tools Subcommittee, and In-Reach Subcommittee. They will be working with the State Boards on projects that will not cost the Boards much money. There is a NASBA Facebook account where students can find information. He said the Committee was thinking about having its members speak with the Regional Directors so they do not poll the Boards on the same questions.

NASBA Communications Director Kenny reported the announcement of Mr. Bishop's selection as President was first e-mailed to the NASBA staff, then to the State Boards and then "tweeted." In addition, a press release was being sent out on the wire at noon Central Time. He said NASBA is taking social media seriously and will be using it increasingly for its communications.

Mr. Glover asked how many of the State Boards are taking steps to inform the public the Board is there as a consumer protection body in every state. Mr. Chickering said the Committee is doing public service announcements, press releases for local papers and for reaching out to state legislators, etc. He will bring these projects up again at the next Communications Committee meeting. Students may know who the state society is, but not the accountancy board, Mr. Chickering stated. Ms. Smith agreed.

15. Report of the Education Committee

Education Committee Chair Turner reported the announcement of the NASBA research grant had gone out, with proposals due in by April 4 and the grant recipients to be determined by May 16. Announcement of the grant program was made through the American Accounting Association, AICPA, social media Twitter and Facebook. Kevin Stocks, AAA president, offered a lot of good feedback, Dr. Turner reported. NASBA Vice Chair Mark Harris said the AAA has been very supportive of the program.

At the invitation of the Canadian Institute of Chartered Accountants, Dr. Turner attended CICA's education conference in Toronto. The Canadians have an initiative similar to the Pathways Commission in progress. She reported she had made good contacts at the event and had been invited to attend their next educators' meeting.

The Education Committee has established three task forces: Grant Task Force, Pathways Tracking Task Force and NASBA/State Board Information Task Force. On February 26 the Pathways Commission will have an open meeting and Melanie Thompson, a member of one of the Commission's committees, will be attending as well as NASBA Vice Chair Harris and Chief Relationship Officer Alfonso Alexander.

16. Report from Enforcement Resources Committee

Enforcement Resources Committee Chair Parsons reported that while they have heard from the Accountants Coalition about the Class Action Fairness Act of 2005, and the "piling on" it can potentially cause, the individual firms have said they would rather look at this situation on a firm-by-firm basis rather than as a class action. Committee member Jeff Leiserowitz will continue to meet with the Coalition. The Committee is also trying to anticipate interstate enforcement problems related to mobility. The AICPA, HUD and other agencies have told the Committee they are sending referrals to State Boards and not getting any communication back from them. AICPA claims they are not getting responses back on 75 percent of their referrals to the Boards. Mr. Lodden said the AICPA and HUD have taken a long time to report on their disciplinary actions to the Boards, and faster reporting by them would help the process as well. Mr. Odom recalled that in March 2009 AICPA's Lisa Snyder said the AICPA was going to have their enforcement process turn around cases in 6-9 months, and he asked if that has been achieved. Mr. Parsons said he would speak to Ms. Snyder about that.

The Committee is excited about NASBA's Certified Regulated Investigator program through which they hope to develop specialists.

Mr. Parsons said Committee member Michael Skinner chairs the Tools Subcommittee, which is waiting to see what is done with the enforcement manual so his group can start preparing updates for it. Mr. Allen said his review is close to being completed -- all the manual needs is a disclaimer and should be finished within the next 30 days. Mr. Kenny said it will be distributed via a password protected site on www.nasba.org. First the manual will go to the executive directors and the NASBA Board of Directors and staff directors, Mr. Kenny stated.

Mr. Odom pointed out the Regional Directors had been asked about NASBA identifying experts to help the Boards in bringing cases. Mr. Parsons replied that the Subcommittee may need to go state-by-state to get the names of experts to assist in investigations.

The Committee also needs to work with the AICPA to get permission for the State Boards to use some of their PEEC investigations. In another Committee project, Larry Gray is working with IRS Circular 230.

17. Report of the State Board Relevance and Effectiveness Committee

Committee Chair Glover reported he would be assigning three subcommittees to move forward with the Committee's charge to promote the semi-independent state accountancy board: State Board Support; State Society and AICPA; and Legislative Initiatives. He distributed a memo detailing the tasks each of the Subcommittees will be performing and he described each to the Board. The reports prepared by last year's State Board Relevance and Effectiveness Committee will become the roadmaps for every Board that wants to be autonomous, he explained.

NASBA Chair Daggett said NASBA needs to get out in front of this effort to help the states.

18. Report of the Global Strategies Committee

Committee Chair Tish explained the Committee has four subcommittees: (1) Outreach Subcommittee will deal with other NASBA committees that need coordination (Response, Enforcement, Education, etc.); (2) Strategy Subcommittee will determine which international groups NASBA should be more involved with, trying to put the right people in the right places to move into leadership of the targeted groups; (3) Conference Subcommittee working on the International Forum tentatively scheduled for July 25-26, 2011 in Vancouver ; and (4) The China Momentum Subcommittee to continue the work that Bill Treacy began last year.

Mr. Odom said the Regional Directors have heard concern from the states about international discipline, about the security of the Uniform CPA Examination once it is administered outside the U.S., and what security control work is being done by NASBA. Mr. Bishop said the task force had been talking with the 11 states most affected by the international examination administration plan, but more discussions may be required.

19. Report of the CPA Examination and Administration Committee

Examination Committee Chair Davenport reported the Committee had held a conference call on January 5 and all the members were enthusiastic about their work. There is a good cross section of members on this new committee, he observed. The Committee's current charge allows them to do what they had been doing as the CPA Licensing Examination Committee and the International Examination Committee. The Committee wants to continue having a presence with the Board of Examiners, including having a NASBA subcommittee meet with NASBA BOE members prior to their scheduled BOE meetings, to give them an understanding of the State Boards' concerns.

20. Report of the Compliance Assurance Committee

The State Boards' Peer Review Oversight Committees have a conference tentatively scheduled for May 16, Compliance Assurance Committee Chair Gray reported. A questionnaire has gone out to the State Boards with responses due back by January 28, with a reminder being sent to the Boards by staff liaison Maria Caldwell. At the Executive Directors Conference the Committee will address why Boards need to have a peer review oversight committee, as only 15 of the 35 Boards mandating peer review have them. An open meeting of the AICPA Peer Review Oversight Board is scheduled for January 21 and there is expected to be a discussion of network firms, Ms. Gray said. Henry Crostich has replaced her as the NASBA representative on the PROB.

Vice Chair Harris said NASBA wishes a speedy recovery to AICPA's Gary Freundlich, who is a staff liaison with the Board of Examiners and who is recovering from an accident.

21. Report from the Executive Directors Committee

Committee Chair Sweeney thanked NASBA for appointing him chair of the Executive Directors Committee. Every topic that the Board of Directors had been discussing will be included in the upcoming Executive Directors Conference, he stated. He asked that, if the Board

members have input for that conference, they give it to him. He said he hopes to do more with the Committee this year by encouraging the members to connect with the Regional Directors to assist in communications efforts with the Boards.

22. Report of the Regulatory Response Committee

The International Auditing and Assurance Board has issued a new draft to update their compilation procedures, Regulatory Response Committee Chair Isserman stated. A NASBA response is being developed to that update. The European Commission released a Green Paper on "Audit Policy: Lessons from the Crisis," to which NASBA sent a response, as drafted by Mr. Hansen.

A letter will go out to the Boards about the final report of the AICPA/FAF/NASBA Blue Ribbon Panel (BRP) on Private Company Standard Setting, Mr. Isserman said. It will explain that NASBA has been part of the BRP and the boards can decide whether they want to respond to the paper or wait for the NASBA response to the Financial Accounting Foundation. Mr. Isserman said he believes the Boards should be sent a letter explaining NASBA's position. The FAF's process will probably go into the summer, he estimated. He believes the Boards should respond because the setting of private GAAP is really the Boards' responsibility, which is really the subject as to whether the states want an additional new standard-setting board.

Mr. Atkinson said the FAF will receive the BRP's report on January 24 and then the FAF trustees will meet on February 15. A task force of FAF trustees will determine the approach for implementation and it will be exposed to the public. Mr. Atkinson and AICPA President Barry Melancon are to be invited to the first meeting of the task force, at which time the two will restate their points. Mr. Atkinson believes that once the report is issued, NASBA should come up with its bullet points. It is not NASBA's position to speak for the Boards after the report comes out, he said. He noted that the FAF had appointed two more members to the FASB, Hal Schroeder and Daryl Buck.

President Costello commented that states should reconsider their statutes before they give carte blanche to the PCAOB, AICPA or other organizations to change private reporting.

23. Report of the Bylaws Committee

Bylaws Committee Chair Smith reported the Committee will look over all the Bylaws this year. It has been suggested to her that the Committee consider the oversight responsibilities of the Board and the terms of Directors at Large. She asked that the Board members send her possible Bylaws changes.

24. Adjournment

There being no new business, on a motion by Ms. Smith, seconded by Mr. Odom, the Board unanimously voted to adjourn at 3:27 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

April 29, 2011 – New Orleans, LA

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, April 29, 2011 at the Royal Sonesta Hotel, in New Orleans, LA, the Board took the following actions:

- Received a report from the Nominating Committee on their recommendation of Gaylen Hansen (CO) for NASBA Vice Chair 2011-2012. Committee Chair Billy Atkinson (TX) called on the Boards to submit to him by May 27 their candidate recommendations for all Regional Directors and three Directors-at-Large. In addition he urged recommendations for members of the Nominating Committee from the Northeast, Mountain, Great Lakes and Southwest Regions be submitted to aholt@nasba.org by May 27.
- Approved the investment policy as presented by Treasurer Ted Long (OH) with minor technical corrections and subject to Noel Allen's legal review.
- Received from NASBA Education Committee Chair Karen Turner (CO) the names of the winners of NASBA's first academic research grants. Three projects have been selected and the academics are being notified of their awards.
- Heard a report from Chair Michael Daggett (AZ) on his meetings during the past quarter on NASBA's behalf. These included meetings with PCAOB Chair James Doty (who has agreed to be the keynote speaker at the 2011 Annual Meeting), the NASBA Executive Directors Annual Meeting and the CPE Conference, American Institute of CPAs leadership and the Annual Meeting of the Association of Chartered Accountants in the United States.
- Agreed to encourage Boards to study the work of the FAF/AICPA/NASBA Blue Ribbon Panel on Standard Setting for Private Companies, so Regional Meeting participants will be prepared to discuss their Board's position on the need for an additional standard setting board.
- Learned from President David Costello NASBA staff is engaged in: "Transfer – Transition – Transcend," as they prepare for President Costello's retirement in 2012. Staff Directors read and discussed *Managing Transition* and *Switch* for their February 24-25 retreat. All staff members were invited to participate in the "Healthy 4 Life" contest and "Toastmasters Club," which recently won a Corporate Recognition Award.
- Heard from Executive Directors Committee Chair Rick Sweeney (WA) a report on the NASBA Executive Directors' Conference, March 6-9, 2011, in San Diego, CA. Chair Daggett congratulated Pamela Hill Ives (MO) who moderated the conference and the Executive Directors Committee for developing an informative and interesting conference.

- Heard from Executive Vice President Bishop that on-line registration for taking the Uniform CPA Examination outside the United States will begin on May 2, with the first examinations being delivered at non-U.S. sites on August 1, 2011.
- Received a report from Relations with Member Boards Committee Chair Ken Odom (AL) on the responses to the last quarter's Focus Questions, which found several State Boards are unfamiliar with Section 209 of the Sarbanes-Oxley Act.
- Learned from Executive Vice President Ken Bishop that NASBA is launching its Guam call center in May to provide in conjunction with the Nashville headquarters 16 hours of coverage for exam candidates' questions. The Guam testing center handles the largest number of candidates in the world, Mr. Bishop said, and the facility has been expanded to include a snack center, waiting area and other additional spaces.
- Heard from Continuing Professional Education Advisory Committee Chair Ted Lodden (IA) that a joint NASBA/AICPA Task Force is reviewing a draft of revised Standards for CPE Sponsors which anticipates future course delivery modes.
- Learned from Uniform Accountancy Act Committee Chair Carlos Johnson (OK) that the comment period on the CPA firm name exposure draft has been extended to June 1, 2011, at the request of the State Boards' Executive Directors, and comments continue to be received and reviewed by the Committee.

Next NASBA Board meeting is scheduled for July 29, 2011 in Coeur d'Alene, Idaho.

Distribution:

State Board Chairs/Presidents and Executive Directors,
NASBA Committee Chairs and NASBA Board of Directors

Executive Summary
January 21-April 12, 2011
Regional Directors' Focus Question Responses

37 State Boards Responding

1. Please describe any challenges you have in monitoring and disciplining foreign-based firms.

11 States allow foreign-based firms to register

9 States do not prohibit foreign-based firms from registering

13 States do not allow foreign-based firms to register.

Only Texas reported monitoring filings with SEC. No other state reported "challenges."

2. Has your Board considered its responsibility under Section 209 of SOX, particularly in light of the recent Dodd-Frank Act that gives the PCAOB inspection authority over broker-dealers (which are mostly private companies)?

23 had not, others were studying Dodd-Frank, others found question unclear.

3. What is your Board doing to inform the citizens of your state of the responsibility, capability and availability of your Board to address complaints against CPAs?

13 State Boards rely completely on their Web site to get the word out. 19 State Boards use the Web plus other avenues of communication.

4. Has your Board discussed the UAA Exposure Draft on CPA firm names and do you anticipate it will lead to modifications of your state's current rules?

23 States have discussed the exposure draft and 7 of those expect it will lead to rule changes.

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

Among responses:

CA – As of January 1 law on temporary and incidental practice became inoperative.

CT and NH – Consolidation has been proposed for both Boards.

MO – Legislation to give Board autonomy introduced.

PR – Lobbying to require one year of experience.

See Regional Directors' Focus Question Report for details.

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between January 21 and April 12, 2011. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Kenneth R. Odom (AL) – Chair, Committee on Relations with Member Boards,
Southeast Regional Director*

Jefferson Chickering (NH) – Northeast Regional Director

Miley ("Bucky") W. Glover (NC) – Middle Atlantic Regional Director

Janice L. Gray (OK) – Southwest Regional Director

Telford ("Ted") A. Lodden (IA) – Central Regional Director

Laurie J. Tish (WA) – Pacific Regional Director

Kim Tredinnick (WI) – Great Lakes Regional Director

Karen F. Turner (CO) – Mountain Regional Director

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- 1. (a) If your state allows licensing of foreign-based firms (located outside the United States), please describe any challenges you have in monitoring and disciplining those firms. (b) If your state does not allow licensing of foreign-based firms, do you contemplate changing your statute or rules in the future?**

Alabama – (a) Alabama does not license foreign-based firms. (b) No.

Arizona – Current statutory language only allows licensing of a CPA in Arizona if they have one partner who is a full-time resident/CPA partner in Arizona. Licensing of foreign firms is not allowed in Arizona without meeting this one stipulation from A.R.S. § 32-731.

Arkansas – Our rules do not preclude a foreign-based firm from licensing with our board, but so far we have not had one apply for licensure with us.

California – The California Board of Accountancy (CBA) has limited experience in monitoring and disciplining foreign-based firms (located outside the US). Our records indicate the licensing of one such firm in 1975. However, the license was cancelled in 2009. A license is canceled if not renewed within five years following its expiration date. A licensee with a canceled license may reapply as a new applicant and meet the current requirements for approval. Upon approval, a new CPA license number is issued. Further our records do not indicate any discipline for the firm.

Colorado – (a) Colorado has not experienced any challenges with registering foreign-based firms.

Connecticut – (a) Connecticut Law does not specifically prohibit foreign-based firms and does not provide for specific or different licensing requirements for foreign-based firms.

Florida – There are approximately 5,100 licensed accountancy firms registered with the state of Florida, and only 19 have an address of record outside the United States. A search of the Board's records does not indicate any complaints received and therefore there have been no challenges in monitoring and/or disciplining these firms.

Hawaii – (a) Not allowed. (b) Not being contemplated at this time.

Idaho – Idaho does not license foreign-based firms. We have not had any inquiries from foreign-based firms or other stakeholders, so no changes are anticipated in the near future.

Illinois Board - To be answered by the Illinois Department of Financial and Professional Regulation.

Illinois Dept. Finance - The Illinois Public Accounting Act allows foreign-based firms (located outside the United States) to obtain an Illinois firm license as long as the firm is a form or organization permitted by Illinois law or regulation. The enforcement office has had no experience to date with this issue.

Indiana – We do not license foreign-based firms located outside the U.S. that have no presence in Indiana and do not anticipate changing our statute.

Iowa – Iowa mandates all firms register if performing audit or attest services in Iowa or for a client with a home office in Iowa.

Kansas – We do not license foreign based firms and have no plans to change our laws in the future.

Kentucky – Since 2008 Kentucky only requires an out of state firm to obtain a Kentucky license if the firm has opened an office in Kentucky and is performing attest services or uses any title or abbreviation to indicate it is a CPA firm, or if the firm does not have an office in Kentucky but performs attest services for a client whose home office is located in Kentucky or is a resident of Kentucky. That law was part of the mobility procedure. Nevertheless we have never had a firm located outside the country try to obtain a Kentucky firm license. I would anticipate encountering challenges with a firm located outside the United States e.g., additional postage costs and delay in sending documents via the regular mail, inability to communicate via telephone since international calls are blocked by our state phone system, possible language issues, and service of any legal documents/notices on a firm located out of the country.

Louisiana – (a) The matter has not arisen. It seems unlikely that a foreign firm would be majority-owned by licensed CPAs, which is a requirement of firm obtaining a permit in our state. (b) No plans to change the statute at this time.

Maine – I know of no particular challenges.

Massachusetts – (a) We have had no issues with foreign-based firms. Most firms must register with our Secretary of State's Office (other than partnerships) before they apply here for licensure, so we approve them as received and registered them here.

Mississippi – (a) Mississippi does not currently have restrictions on the location of CPA firms registering with the State; however, no foreign-based firms are registered with the Board at this time. (b) N/A.

Missouri – (a) We do not allow foreign-based firms to license in Missouri. (b) We are not contemplating changing our statutes or rules to do so.

Montana – (a) Our Board rules do not prohibit foreign-based firms from registering in our State. (b) We have not, however, had any register to date.

Nevada – It appears Nevada does allow the formation of a foreign-based firm under the rules of the Secretary of State's office with reference within the Board's statutes. However, the Nevada Board does not currently have any foreign-based firms and therefore has not had any challenges with its regulation of foreign-based firms.

New Hampshire – New Hampshire would allow if the firm met RSA 309-B: 8. At this time we haven't had a foreign firm apply or obtain a permit here, so there have been no recorded challenges.

New Mexico – New Mexico does not allow licensing of foreign-based firms. The Board has not discussed this issue, and there is no indication that the statute or the rules will be changed to allow such licensing in the future.

New York – Foreign-based forms are allowed to become registered in New York so long as the firm has one owner who is licensed or otherwise authorized to practice in New York. We do not have any currently registered foreign-based firms. If a foreign-based firm were registered in New York, disciplinary action would be taken against that firm registration.

North Carolina – (a) The Board statutes do not permit the licensing of non-CPA owned firms located outside of the United States. (b) The Board has not considered changing the statutes as we have not had an instance where a non-CPA owned firm located outside of the United States has inquired or asked to register.

North Dakota – No challenges/problems.

Oklahoma – Pursuant to Section 15.15A(F)(1) of the Oklahoma Accountancy Act (the Act), the Oklahoma Accountancy Board (OAB) can only issue a firm permit if "each partner or shareholder is engaged in the practice of public accounting in the United States and is holding a certificate as a certified public accountant in one or more jurisdictions." The term "jurisdiction" is defined in Section 15.1A(25) of the Act as "any state or territory of the United States and the District of Columbia." Therefore, a foreign-based firm can only be licensed in Oklahoma if all

partners or shareholders of the firm have first obtained licensing in another jurisdiction. The OAB does not currently have any foreign-based firms registered. At this time the OAB is not contemplating changes to statutes or rules regarding this matter.

Puerto Rico – The Puerto Rico State Board does not allow licensing of foreign-based firms (located outside the United States).

Rhode Island – (a) N/A; (b) No anticipated changes to date.

South Dakota - We have not had any foreign firms request to be licensed by the South Dakota Board.

Tennessee – (a) There is nothing in the Tennessee statute or rules that would prohibit licensing of foreign-based firms. To date, we do not have a foreign-based firm registered with the Board of Accountancy. (b) N/A.

Texas - Educating foreign firms that they are violating Texas law when they provide attest services for a client that has designated Texas as its principal place of business. Even though the foreign firms do not come into Texas to provide the attest service, their client's designated headquarters make the attest service for a Texas entity subject to Texas law. We monitor filings with the Securities & Exchange Commission to identify these firms. We then require the foreign firms to execute a Cease and Desist Order to assure their future compliance.

Vermont – (a) We don't specifically prohibit foreign based firms. However, we don't "license" firms. We "register" firms. To register, we do ask for articles of incorporation and bylaws, and require that the firm have a provision in its bylaws requiring majority ownership by CPAs. (b) There is nothing on agenda right now as far as statute or rule change.

Virgin Islands – (a) Currently the U.S. Virgin Islands does not allow foreign based firms into the territory. (b) The Virgin Islands Board is currently undergoing a change to the current Virgin Islands code, and this will be looked at during the process.

Washington – (a) Washington State does not currently license foreign-based firms. (b) The Board has not currently discussed the issue. However, a statutory change would be required. In the current legislative environment, as a non-general fund fee-based agency, the risks associated with such a proposal outweigh the benefits. The agency has had only minor and infrequent issues related to foreign-based firms practicing in Washington State.

Wisconsin – We do not license any foreign based firms.

Wyoming – (a) Foreign-based firms are not addressed in Wyoming statutes and Rules and Regulations. (b) The Wyoming Board does not contemplate changes at this time.

2. **Section 209 of the Sarbanes-Oxley Act says that State regulators supervising CPA firms which are not registered with the PCAOB "should make an independent determination of the proper standards applicable, particularly taking into consideration the size and**

nature of the business of the accounting firms they supervise and the size and nature of the business of the clients of those firms.” Has your Board considered its responsibility under Section 209, particularly in light of the recent Dodd-Frank Act that gives the PCAOB inspection authority over broker-dealers (which are mostly private companies)?

Yes: AL, NH, PR, NV, OK, VI, WA

No: AR, CO, FL, HI, IA, ID, IL Dept.Fin., KS, KY, MA, ME, MO, MS, MT, NC, NM, NY, RI, SD, TN, TX, VT, WY

Alabama – Yes, the Board regulates all Alabama CPA firms based on the Alabama statutes, Board rules and applicable standards of the accounting profession.

Arizona – No.

Arkansas – Section 209 has not been considered specifically, however the board believes we have rules and mechanisms in place to comply. We would appreciate more information on how the Dodd-Frank Act could impact the regulatory activities carried out by state boards.

California – The California Board of Accountancy’s practice is to make an independent determination of the proper applicable standards for the engagement that was performed. This procedure is detailed in the California Board of Accountancy’s Enforcement Division’s Investigative Procedures Manual. The Investigative Procedural Manual requires staff to “Identify/overview the pertinent standards of practice (i.e., SAS, FASB’s, APB’s, ARB’s, SEC reporting requirements, industry/government auditing requirements)”.

Colorado – No.

Connecticut – Connecticut is not sure of the question, what is NASBA’s interpretation of what the Board’s responsibility should be in light of Sarbanes-Oxley and Dodd-Frank. _

Florida – Have not previously discussed this issue, will be addressed in the future.

Hawaii – The Board has not, but it will be acting on this in the coming months.

Idaho – The Idaho Board has not discussed this issue. We need clarification of the statement “...State regulators supervising CPA firms...” What is meant or implied by the word “supervising”?

Illinois Board - To be answered by the Illinois Department of Financial and Professional Regulation.

Illinois Dept. Finance – The Illinois public Accountant Registration Committee has not discussed this matter.

Iowa – The Iowa Board has not discussed, but will at their next meeting.

Kansas – No.

Kentucky – No, we have not reviewed that issue yet. However we still require such firms to comply with the appropriate Yellow Book and GAAP standards.

Louisiana – We do not “supervise” firms. Perhaps this term, “State regulators supervising CPA firms”, refers to a state’s bank examination function, or perhaps, to State Auditors who outsource to CPA firms certain audits of state agencies, municipalities, political subdivisions, non-profit organizations receiving state funds, etc.

Is it NASBA’s opinion that the term “State regulators supervising CPA firms” refers to boards of accountancy? Is it NASBA’s opinion that boards of accountancy, agencies of state government, are mandated to take some action under this federal law? Would it not be preferable for NASBA to provide commentary and guidance on the topic so that boards may consider having a uniform approach or response?

Maine – There has been no discussion in this area.

Massachusetts – Our Board has not had any complaints filed either by PCAOB or any other government agency regarding being not registered with that agency. We assume all regulated by PCAOB recognize this responsibility but if confronted by the complaint, we would process it.

Mississippi – The Mississippi Board does not currently accumulate data related to CPA firms’ size and nature of the business of the clients of the CPA firms. The Mississippi Board relies on the AICPA peer review program for CPA firms not registered with the PCAOB to evaluate the clients and applicable work product of a firm in the performance and completion of its independent peer review.

Missouri – The Board has not considered Section 209 and its responsibility in light of the Dodd-Frank Act.

Montana – To my knowledge (as new staff to the Board) this has not been discussed/considered.

Nevada – The Nevada Board has not discussed the provisions of Section 209 of the Sarbanes-Oxley Act or the implications that it may have on the Board’s regulatory role.

New Hampshire – This matter is under advisement.

New Mexico – The New Mexico Board has not discussed this issue.

New York – The Board has not considered this provision of SOX since the law was enacted.

North Carolina – The Board has not yet taken up a discussion regarding its responsibility under Section 209 of the Sarbanes-Oxley Act.

North Dakota – We regulate all firms by way of our peer review system, complaint and disciplinary processes. The peer review process differentiates among firm services and sizing.

Oklahoma – While the Oklahoma Accountancy Board has not reviewed the provisions of the Dodd-Frank Act related to the PCAOB inspection authority over broker-dealers, the Oklahoma Accountancy Board addresses in its rules the appropriate standards which the Board has determined are to be followed.

Puerto Rico – Members under the AICPA Peer Review Program are monitored for independence by the Puerto Rico State Society Peer Review Program. The State does not have resources to monitor Non-AICPA firms. Moreover, present accounting state laws does not mention anything that would allow the State Board to intervene with the firms on this matter. We are now considering presenting an amendment to the accounting law to cover this aspect, but the application would depend on the State assigning funds to execute the law.

Rhode Island – Not at this time.

South Dakota – The Board had not considered this. Based on the information provided, we may look into this issue and clarify if further action will need to be done by the board.

Tennessee – Tennessee has not addressed this particular issue separate and apart from reviewing our current law and rules. It would appear that the Board's responsibility is primarily one of ensuring that the law and rules in place are effectively enforced and that they are fair and impartial in regulating the profession in this state.

Texas – The Texas Board conducted an interim study in 2003 which it distributed to the Texas Legislature that examined the responsibility of Section 209 of the Sarbanes-Oxley Act. This issue was addressed through this study.

Vermont – No.

Virgin Islands – The current authority given to the board under the law does not allow for this type of regulation, as maintenance of licensure in the Virgin Islands does not require much. The board is working on changes that would ensure these standards are properly applied. In addition, there are currently no broker-dealer accounting firms registered in the Virgin Islands.

Washington – The Executive Director has been analyzing both the relevant PCAOB literature and the Dodd-Frank legislation for implications to the Board for discussion at the July Board meeting.

Wisconsin – No – it has not been an issue.

Wyoming – The Wyoming Board is considering the requirements of Section 209.

3. What is your Board doing to inform the citizens of your state of the responsibility, capability and availability of your Board to address complaints against CPAs?

Alabama – Information published on our Board Web site and written and oral responses to citizen inquiries.

Arizona – The only advertising we have is our public Web site. We do not do things like public service announcements or other forms of advertising.

Arkansas – Citizens can download complaint forms from our Web site. We are working on strategies so that our board Web site will come back as a “hit” when someone uses a search engine to find out how to report a problem with an Arkansas CPA.

California – The California Board of Accountancy has a multi-pronged approach to outreach, using multiple communications platforms (Web site, social media, e-mail news subscriptions, newsletters, brochures, earned media, and radio) to make Californians aware of the California Board of Accountancy and its role as a regulatory agency in consumer protection and enforcement. All of the communications deliver varying levels of information, but all also direct the public to the California Board of Accountancy’s Web site for further information. The Web site includes a prominently displayed Consumer section, which explains the complaint process and assists those wishing to file a complaint. The front page also features License Lookup, in which the public may search by name or license number for accusations or disciplinary actions taken against a licensee. Enforcement actions are also printed in the California Board of Accountancy’s tri-annual UPDATE newsletter, sent to every licensee and available on the Web site. Press releases regarding new enforcement actions are sent to local and statewide media and posted on the California Board of Accountancy’s Web site. Contact information for mail and telephone correspondence is also provided.

Colorado – These efforts are primarily completed through Department initiatives in relation to informing consumers about their rights in general with many of our regulated professions. This year with the CPA firm renewal, we placed an article in the newsletter to inform firms about the complaint process.

Connecticut – The Web site provides the citizens of the State of Connecticut with information and provides them with the contact information in order to directly speak with a member of the staff.

Florida – Florida executes a public awareness campaign designed to educate the consumer about the importance of working with a licensed professional and how to check credentials, warning the public about the dangers of working with unlicensed individuals, and providing information on how to report unlicensed activity. The campaign utilizes radio and television public service announcement, Business Journal ads, and Google ad words.

Hawaii – The Board is asking the public to come to us with its complaints, which are then referred to the Regulated Industries Complaints Office (“RICO”), the enforcement and

disciplinary arm of the Department of Commerce and Consumer Affairs (to which the Board is administratively attached). Without a budget, we cannot publicize this in the press.

Idaho – The Idaho Board has a brochure on the complaint process that we make available in hard copy and on our Web site. Our complaint form is on our Web site. It can be completed on-line before printing it out for notarization and submission. We include articles in our newsletter, which is on-line via our web site and through the State Library System.

Illinois Board – To be answered by the Illinois Department of Financial and Professional Regulation.

Illinois Dept. Finance – The Department will open a case on a licensee who is suspected to have violated a provision of the practice act or rules. Complaints may be submitted on the Department's Web site or in writing to the Chicago office of the Department.

Indiana – We have hired a Compliance Officer to begin doing on-line and email outreach and newsletters for all licensees. She will also do mailings to those members who do not have email on file. We also began using a Facebook page recently. The number of CPA's on Facebook in Indiana (or at least those willing to "Like" the page) seem to be few.

Iowa – The Iowa Board has a web site, quarterly newsletter and makes public appearance to professional society meetings.

Kansas – Nothing other than what's on our Web page.

Kentucky – There is information listed on the Board Web site.

Louisiana – A prominent heading appears on our Web site, a caption called "Complaints", which includes an explanation of how to file a complaint against a CPA, firm, or unlicensed practice or unlicensed use of the title. In addition, our "License Look-up" feature indicates that the public may request information on enforcement or disciplinary actions imposed by the Board.

Maine – We disseminate that information on our Web site.

Massachusetts – We do what we can based upon no individual Board financial support from the state agency under which we operate. The Division supervised 33 Board and they inform the public of our availability to process complaints.

Mississippi – The Mississippi Board primarily utilizes its Web site as contact to the public and citizens of the state. The Web site is also linked from the State of Mississippi search engine. Board members and staff provide frequent speeches, talks and discussions with CPAs and the public through local, professional and academic organizations.

Missouri – Currently, we do very little. However, there is a direct link to our Web site from the "complaint" button on the Department of Insurance, Finance and Professional Registration.

Montana – Our Board lists complaints in our bi-annual newsletters and has a complaint section on the Board's Web site.

Nevada – The Nevada Board has disclaimer language in the yellow pages under the sections of Certified Public Accountants indicating the Board's jurisdiction over CPAs, in addition to newsletters, and Web site information.

New Hampshire – At this time, we continue to visit local colleges and plan on expanding those visits to additional colleges not previously visited, and our Web site.

New Mexico – No outreach initiatives are currently being undertaken due to state budget restrictions and cuts. The Board's Web site has a page dedicated to the complaint process.

New York – Use of social media such as Face Book, cooperation with membership associations, speaking engagements.

North Carolina – The Board has a communication program that publishes all public record conclusions of a complaint which is included in our monthly newsletter and press releases regarding revocations to the newspapers, business organizations and government agencies. Public record decisions are posted on the licensee's individual record on our website for public review.

North Dakota – We maintain a board Web site, which explains the process of addressing consumer concerns. Public notice is used in some disciplinary cases. We also participate in the ALD system.

Oklahoma – Oklahoma Accountancy Board members and staff regularly attend outreach events during which the provisions for filing complaints are communicated to interested parties. Additionally, the provisions and forms for the citizens of Oklahoma to file a complaint with the Oklahoma Accountancy Board are made available on the home page of our Web site. Board members and Oklahoma Accountancy Board staff are also available to speak to government and citizens' groups.

Puerto Rico – The State has no budget for this matter. Complaints are channeled through the Puerto Rico State Society of CPAs.

Rhode Island – A future Web site reference and/or press releases in the newspaper.

South Dakota – We utilize the Board's Web site to reach the public in regards to complaints.

Tennessee – When speaking to various groups we cover the complaint process and emphasize that the Board's responsibility is to protect the public. The primary method by which we are able to accomplish that goal is with the cooperation of the public and our licensees by asking them to notify us of any violations which they think may exist. There is information on our Web site and on the Web site of the Department of Commerce and Insurance with instructions on completing

and filing a complaint form. In addition, we are now preparing press releases to let the public know what disciplinary actions have been taken by the Board.

Texas – Board publications, information provided on the Board’s Web site, staff prepared articles in publications, staff and Board Member speakers to various organizations, and Board information will soon be provided on Facebook and Twitter.

Vermont – Nothing specific. Web site does provide guidance on how to file a complaint through the Vermont Office of Professional Regulation.

Virgin Islands – The board has published within the past six months PSA’s, and has sent letters to entities that are in current violation of board rules. Through these communications, increased licensures have occurred.

Washington – Discussion is ongoing within the agency to expand our outreach program to the elderly and business associations. Additionally, during 2011, we plan to begin surveying our constituents to determine the types, depth, and frequency of information they would desire regarding Board and agency activities. We intend to then present to the Board a comprehensive plan for timely and regular communications utilizing occasional informative press and other public mediums.

Wisconsin – Nothing proactive.

Wyoming – The Board will consider developing a communications plan with the assistance of the Executive Director. The purpose of the plan would be to enhance public understanding of the Board’s role in public protection and licensure of individuals and firms.

4. (a) Has your Board discussed the UAA Exposure Draft on CPA firm names and (b) do you anticipate it will lead to modifications of your state’s current rules?

(a) Yes: AZ, CA, CO, CT, IA, KS, KY, MA, ME, MO, MT, NC, NH, NM, NV, NY, OK, TN, VI, WA, WI, WY

No: AL, AR, FL, HI, ID, IN, MS, RI, SD, TX, VT

(b) Yes: CO, CT, IA, NV, OK, TX, VI, VT

No: AL, CA, IL Dept.Fin., IN, KS, KY, MA, MO, MS, NM, NY, RI, SD, WA, WI

Alabama – No formal discussion has been held but we do not anticipate at this time that our rules will be changed as a result of this exposure draft.

Arizona – The issue was originally addressed at the Board’s March 21st meeting and will be discussed again at the Board’s May 9 meeting.

Arkansas – The exposure draft has been provided to all board members for review. Our next board meeting is April 29, so no comments or changes have been generated at this point.

California – The California Board of Accountancy discussed this exposure draft at its January 2011 meeting. Following the discussion, it was determined that no changes would be made to California law at this time.

Colorado – Yes. The Board briefly discussed it at its April 13th meeting and will be used as a starting point to have a specific chapter in the rules to address firm related issues that includes firm names.

Connecticut – Yes, Connecticut discussed the Exposure Draft at the January 4, 2011 meeting, and yes modification of the rules is expected.

Florida – This issue will be discussed at the Board's May 6, 2011 meeting.

Hawaii – No; although the Exposure Draft has been distributed to members, the Board has not yet discussed it. We will be considering it in the near future.

Idaho – The Exposure Draft has not been discussed yet.

Illinois Dept.Fin. – There are no proposed amendments to the Illinois Public Accountancy Act.

Indiana – We've not discussed it. I feel our current code covers the intent of the UAA so we do not anticipate any change but will continue to monitor.

Iowa – The Iowa Board has formed a task force with the Iowa Society to write administrative rules necessary to implement the firm name rule changes and to define network firms.

Kansas – We have briefly discussed, but there is no movement to change our statute's current laws.

Kentucky – (a) It was considered during the February meeting and (b) the members decided not to make any changes to the current law as to firm names.

Louisiana- This will be discussed again at our next meeting as the exposure draft comment period has been extended, and some boards have recently issued comments critical of the proposal.

Maine – Yes.

Massachusetts – We have developed our own firm name rule amendment (adjusted slightly from the rule that has been in existence here for 10 years), and we plan to implement the amendment in the near future. It was developed prior to the UAA incursion into this area and without much concern about NASBA's involvement in the process.

Mississippi – The Mississippi Board will review the Exposure Draft and respond by the June 1, 2011, deadline. The Board has no plans at this time to modify its rules and regulations related to CPA firm names.

Missouri – (a) Yes, we have discussed the UAA Exposure Draft and have reservations on this concept. We have submitted comments regarding the proposed change. (b) Currently, the board would not make any changes to our rules in regards to this issue.

Montana – Our Board has briefly discussed the exposure draft in the past, but I will be bringing it up again at our next scheduled meeting and stating what was discussed at the ED Conference.

Nevada – The Nevada Board has reviewed the UAA Exposure Draft on CPA firm names and does currently have an interest in modifying the current rules. In addition, Nevada's Governor has placed a freeze on any Board legislative changes.

New Hampshire – Yes, the Board has discussed this matter and has taken the UAA Exposure Draft under advisement.

New Mexico – (a) The Board discussed the issue at its meeting on December 16, 2010, and (b) it has chosen not to modify its rules.

New York – The Board discussed at its January 2011 meeting and concluded that additional changes were not necessary based on the Exposure Draft.

North Carolina – The Board reviewed the UAA Exposure draft and submitted a response. The Board will gather additional information from the responses from other Boards as well as participate in discussion with the Boards at the upcoming NASBA meetings and with our state association regarding the issues.

North Dakota – We have not discussed the Draft. I wouldn't expect that the Board will provide comment on the Draft; this is not a concern area for our jurisdiction.

Oklahoma – The Oklahoma Accountancy Board has formed an ad hoc committee to review and discuss the UAA Exposure Draft on CPA firm names. This committee presented a summary of the proposed changes to the UAA and Model Rules related to CPA firm names at the February 2011 board meeting. Presently, it is not known what impacts the UAA Exposure Draft will have on the current Oklahoma Accountancy Board rules. Changes to both the Act and Rules would be required to conform to the changes proposed.

Puerto Rico – The Puerto Rico State Board does not have rules to regulate the firm names. It has traditionally followed the UAA.

Rhode Island – No discussion to date and no anticipation at this time.

South Dakota – No.

Tennessee – This Board has discussed the UAA Exposure Draft on CPA firm names. We will wait for the final draft to determine if modifications to our rules need to be made.

Texas – The Board will discuss the Exposure Draft at its March 24, 2011, Board meeting and will likely have comments and recommend revisions to the Exposure Draft.

Vermont – It is on our agenda to discuss in April. We will consider, as part of our discussions, whether a rule change should be initiated.

Virgin Islands – Yes, it will lead to modifications of the current state rules.

Washington – Yes, the Board is aware of the firm name exposure draft and has briefly discussed the issue. Given that Washington State is under a “Rule-Making Moratorium” it is doubtful that a rule change proposal will be imminent.

Wisconsin – Discussed at 3-29-11 Meeting. No modifications to State’s current rules.

Wyoming – Yes. The Wyoming Board will consider its response to the issue with respect to firm names once the final product has been approved and communicated. Until the issue is settled by the Committee, it is difficult to anticipate what change, if any, the Board will determine is necessary.

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

Alabama – Alabama’s state budgets are in serious deficit positions and the Governor has been discussing with the press that 15% cuts may be coming to state agencies but not uniformly so we are in a wait and see position as to how the Alabama Board of Accountancy may be impacted.

Arizona – The Board is hoping to release its first on-line application, license renewal by July 2011.

Hawaii – The Board continues to work on the issues of mobility and peer review.

California – Defining Supervision. The CBA recently took action to amend Section 12 and 12.5 of the CBA’s Regulations relating to defining supervision. The amended language will require that applicants for CPA licensure complete qualifying experience which is reviewed and evaluated by the supervisor on a routine and recurring basis and that the supervisor have authority and oversight over the applicant. The CBA has begun the rulemaking process and will hold a regulation hearing at the May, 2011, CBA meeting.

New Educational Requirements for Licensure – 2014. As has been reported previously, beginning January 1, 2014, all applicants applying for licensure will be required to meet the 150-hour educational requirement. As part of the legislation that enacted the 150-hour educational requirement as the sole pathway to CPA licensure in California, the Legislature required the CBA to further define an additional 30 semester units of its educational requirements. The two committees responsible for providing the CBA with recommendations and guidelines for the new semester units – the Accounting Education Committee for the 20 units of accounting study, and Ethics Curriculum Committee for the 10 units of ethics study – have both met multiple times. To

ensure that all affected stakeholders are kept up-to-date of the progress for the two committees, all meetings are webcast live (and archived) and meeting materials placed on the CBA's Web site.

CBT-e. Beginning in June and for the remainder of 2010 the CBA experienced a significant increase in the number of examination applications submitted by both first-time and repeat sitters. It is believed the influx in the number of applications was in response to the changes that were going to be made to the Uniform CPA Examination effective January 1, 2011, being referred to as CBT-e. As a result, the number of scores received by the CBA for the October/November 2010 testing window was the highest yet since the inception of computer-based testing.

Peer Review. Mandatory Peer Review became effective 1/1/10. The CBA is in the process of a 3-year phased implementation.

Temporary and Incidental Practice. On January 1, 2011, Section 5050(b) of the Business and Professions Code on temporary and incidental practice became inoperative. As a result, non-California CPAs who may have practiced under Section 5050(b) should carefully evaluate whether their activities would require them to file a practice privilege to ensure they are practicing lawfully.

Practice Privilege: Safe Harbor. California's Safe Harbor provision (CCR Title 16, Section 30), which allowed out-of-state CPAs five days in which to file a Practice Privilege Notification Form following the commencement of practicing in California, expired on December 31, 2010. Beginning on January 1, 2011, a Practice Privilege Notification Form must be filed with the CBA prior to practicing public accountancy in the state. However, the CBA is pursuing regulatory changes to reinstate the safe harbor period.

Retirement Status. The CBA is sponsoring legislation in 2011 that will allow it to create a retired status of licensure. This will allow CPAs who wish to retire and no longer be actively engaged in the practice of public accountancy to do so without needing to pay biannual renewal fees or having their license become delinquent and eventually canceled.

Colorado – The Colorado Board is looking to conduct more rule making in the coming months to address some of the followings issues: educations requirements for licensure and examination; professional conduct and the standards; CPA firm issues and names.

Connecticut – An unfilled vacancy in the Board's Legal Counsel position is severely hampering enforcement efforts. The new Governor's budget is expected to propose either significant cuts or consolidation of the Agency into another. (Update as of April 11, 2011: the Board is proposed to be consolidated into the State Department of Consumer Protection.)

Florida – Florida is working towards mandatory peer review.

Idaho – Licensees will be able to pay their Late CPE Reporting Fine via Idaho's on-line license renewal system this year.

Illinois Board – Illinois is currently in the process of promulgating Administrative Rules to bring the educational requirements to sit for the CPA examination in line with the UAA regulations. The Illinois Board of Examiners meets regularly with educators from Illinois colleges and universities to discuss issues of mutual concern and to keep the schools apprised of any changes to the educational requirements, examination updates and any legislative changes

affecting the accounting profession. The Executive Director also meets with many university students throughout the year to help them through the application and examination process.

Indiana – Our Compliance Officer has been brought on to do many things including, as mentioned above, outreach as well as enforcement. She will accomplish this via audits, on-site visits, probation and final order compliance monitoring and other items as deemed appropriate by the Board.

Iowa – We are in the beginning stages of implementing a new licensing database, AMANDA. The implementation will be 15 months.

Kansas – Just waiting for the legislature to pass a budget bill.

Kentucky – Possible ban or limitation on allowing CPE credit for so called “Personal Development Courses.” Issuing a firm license for sole proprietors - previously this group only had to obtain an individual CPA license. Implementing on-line renewal for firm licenses - individual on-line license renewal began in 2008.

Louisiana – Our Web site has been redesigned and now has a “content management system” that allows Board staff to easily revise text and links.

Massachusetts – We are trying to operate with the proper oversight of our licensees that the public deserves, and have been doing so with little budgetary support from state government. If NASBA can help in this mission, this would surprise me (28 years at this Board) but if we think it can, we will ask for it. Until then we wish NASBA well in their mission.

Mississippi – Approval by the Mississippi Legislature and Governor of the Board’s budget request for 2011-2012 with no modification or change.

Missouri – HB 832 giving the Board autonomy has been introduced in the House and should be on its way to the House Committee on Professional Registration.

Montana – New staff is reviewing rules/processes currently in place and looking at ways to streamline. Look for changes to come.

Nevada – Currently there are a lot of legislative bills being introduced with varying degrees of Board oversight and/or consolidation of Boards. The Board is actively watching the bills and preparing to provide testimony if needed.

New Hampshire – We are currently being consolidated into a larger agency and will no longer be semi-autonomous. As of today, March 23, 2011 there was a budget proposed (which has not been approved by the full New Hampshire House), which includes the House of Representatives Finance Committee’s proposal that the Executive Director’s position be eliminated. The Board has not been consulted with respect to any matters regarding its agency’s operations, budget or consolidation into a larger agency. Rather, the Board has been told this is happening and all matters are expected to be completed by June 30th.

New Mexico – The New Mexico Public Accountancy Board is currently undergoing sunset review by the State Legislature. An interim committee has recommended retention, and it appears that the Board will in fact be retained. It is anticipated that the new governor will appoint four new Board members within the coming few weeks.

New York – The Board is working on rule amendments to implement the recent update to the accountancy law. It is also working on regulatory changes that would modify the ethics CPE requirement to become a triennial requirement based on calendar year rather than based on a licensee's registration period.

North Carolina – We are beginning a dialogue with the state association to discuss contract CFO CPAs and the other issues as they relate to the public practice of accounting.

North Dakota – Monitoring legislative activity of the bi-annual Legislature. Building and maintaining relationships with legislators, via personal visits.

Oklahoma – The Oklahoma Accountancy Board has nominated Dr. Carlos E. Johnson, CPA, for Vice Chair of NASBA. Additionally, the Oklahoma Accountancy Board is tracking State legislation including:

Proposed legislation which would require that all state agencies that provide for a position of Director or any title that designates a person as the primary executive of the agency that is not currently appointed by the Governor or holds the position by statewide election shall have the Director or primary executive position appointed by the Governor with consent of the Senate.

Proposed legislation to establish a task force to review and evaluate potential for consolidation of licensing functions for professional and trade occupations. Task force to report findings no later than January 1, 2012.

Puerto Rico – Lobbying in the Puerto Rico Senate and House of Representatives for the approval of the amendment to the Puerto Rico Accountancy Law to require the one (1) year of experience.

Rhode Island – Reduction of legal budget allocations and additional budgetary issues.

South Dakota – We may be facing travel restrictions in the next year.

Tennessee – Tennessee continues to explore the possibility of becoming independent of the Department of Commerce and Insurance.

The Department of Commerce and Insurance has pledged to the Legislature that complaints will be closed within 180 days. This is beginning to affect our ability to adequately investigate complaints that involve complex accounting issues.

Texas – Please see response to Question 1.

Vermont – Cairn Cross, our long time public member is leaving the Board. He will be replaced by Jennifer Corey of Peoples Trust Company.

Washington – The Governor’s prior initiative to merge the Board and agency with the Department of Licensing did not advance to this year’s legislative session. Additionally, the Governor’s budget proposal to “sweep” \$ 1 Million of the agency’s fund balance is not included in current legislative proposals for the fiscal year to end June 30, 2011.

Washington State statute, RCW 18.04.350(11), provides that the Public Accountancy Act (The Act) does not “... *prohibit any act of the use of any words by a public official or public employee in the performance of his or her duties.*” The Washington Society of CPAs has informed some Board members that they believe a disgruntled licensee may seek to eliminate that section of “The Act” in next year’s legislative session.

Elimination of RCW 18.04.350(11) could have a potentially disruptive effect on operations of state agencies and local governments if that provision were to be eliminated. Employer personnel- action uncertainties and conflicts of regulatory authority are only two of any number of possible undesirable results.

Wisconsin – (1) Continue to look into NASBA licensee database; (2) Change in state personnel due to elections; (3) Freeze on out-of-state travel for 2011 – even if third party pays for expenses; not allowed to attend meeting as a Wisconsin delegate. Will have to forego voting rights at NASBA conference.

Wyoming – The Board will be proposing rule changes during the upcoming Rules cycle. Some of the Rules will be addressed to alleviate areas of some confusion.

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

☐ **Input only from Board Chair: VT**

☐ **Input only from Executive Director: CO, MO, MT, NC, ND, NM, WA**

☐ **Input only from Board Chair and Executive Director: AR, IA, KS, LA, NY, TN, TX**

☐ **Input from all Board Members and Executive Director: AL, CA, CT, FL, IL Board, KY, MS, NH, NV, OK, PR, SD, WI, WY**

☐ **Input from some Board Members and Executive Director: IN**

☐ **Input from some Board Members: ME**

☐ **Input from all Board Members: RI, VI**

☐ **Input from one Board Member: HI, MA**

☐ **Other (please explain):**

☐ **Input from Executive Director and Deputy Director: AZ**

☐ **Input from Committee Liaison, Legal Counsel, and Enforcement: IL Dept.Finance**

CBT Steering Group
CPA Exam
Quarterly Summary Report to the State Boards
Fourth Quarter, 2010

Executive Summary

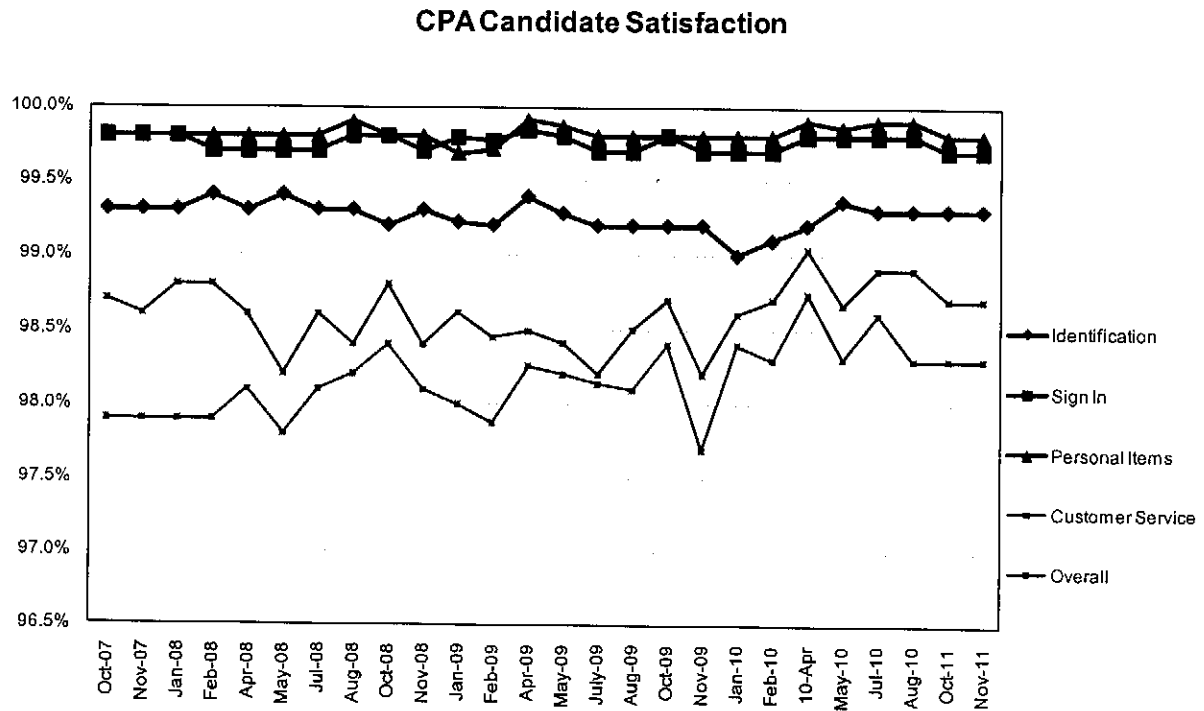
Fourth quarter 2010 volume for the exam was 36.3% above fourth quarter 2009, with a total of 102,617 exams delivered. This brings the total number of computer-based exams delivered to date to 1,457,162. The Exam platform was stable and the frequency and severity of technical issues was small. Candidate satisfaction remained high, and test reliability and testing patterns remained consistent.

The year-over-year growth rate for the fourth quarter was strong, significantly higher than the rate for the third quarter of 2010 (36.3% versus 12.8% for the third quarter).

Review Course Providers advised candidates to test in 2010, before CBTe and other changes were enacted. Because of this, we experienced very high volumes in 10Q4.

Candidate Satisfaction

Overall candidate satisfaction continues to hover around the 98% mark, with the subset indicators remaining fairly consistent.

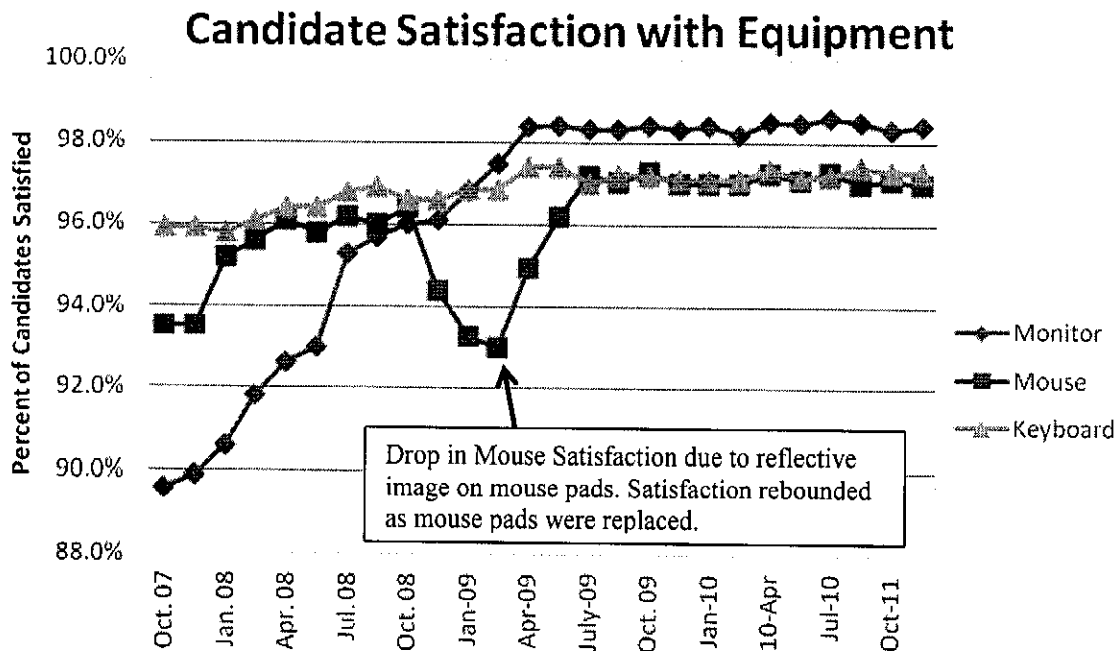


NOTE: In order to provide better definition among the data points, the scale of this graph has been adjusted to show the upper end of the comparative scale.

Equipment Satisfaction

Candidates are satisfied with the equipment at the testing centers with satisfaction well above 95% for the past several quarters.

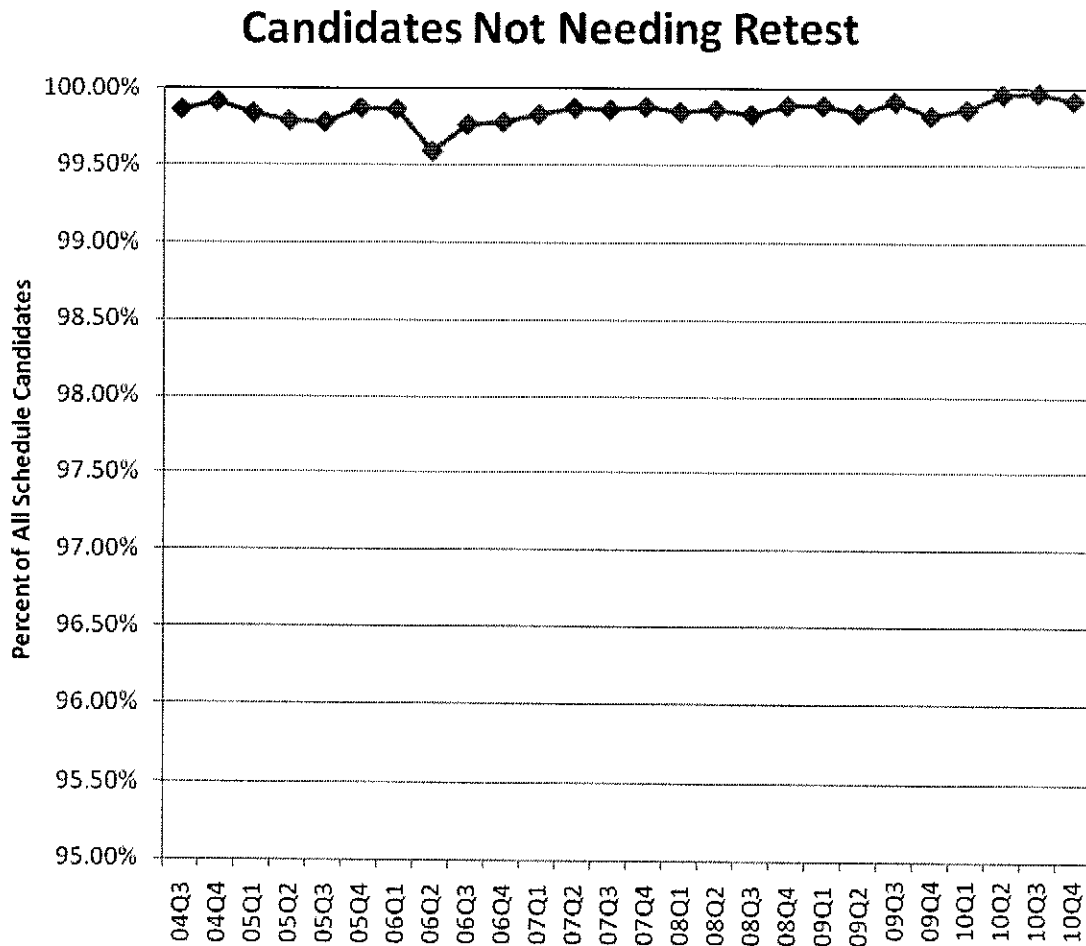
The two-percentage-point drop in satisfaction with computer mouse equipment in 2009 was determined to be the result of new Prometric mouse pads distributed throughout the company's test centers; the graphic on the pads interfered with the functionality of the optical mouse sensors, causing the cursor to fail to keep pace with candidates' mouse movements. The pads were replaced with a new design, and the mouse satisfaction scores rose back in line with those previously recorded.



NOTE: In order to provide better definition among the data points, the scale of this graph has been adjusted to show the upper end of the comparative scale.

Test Reliability

The Exam continues its high degree of technical reliability over the course of its history, with 99.92% candidates that arrived at the test center not needing a retest.

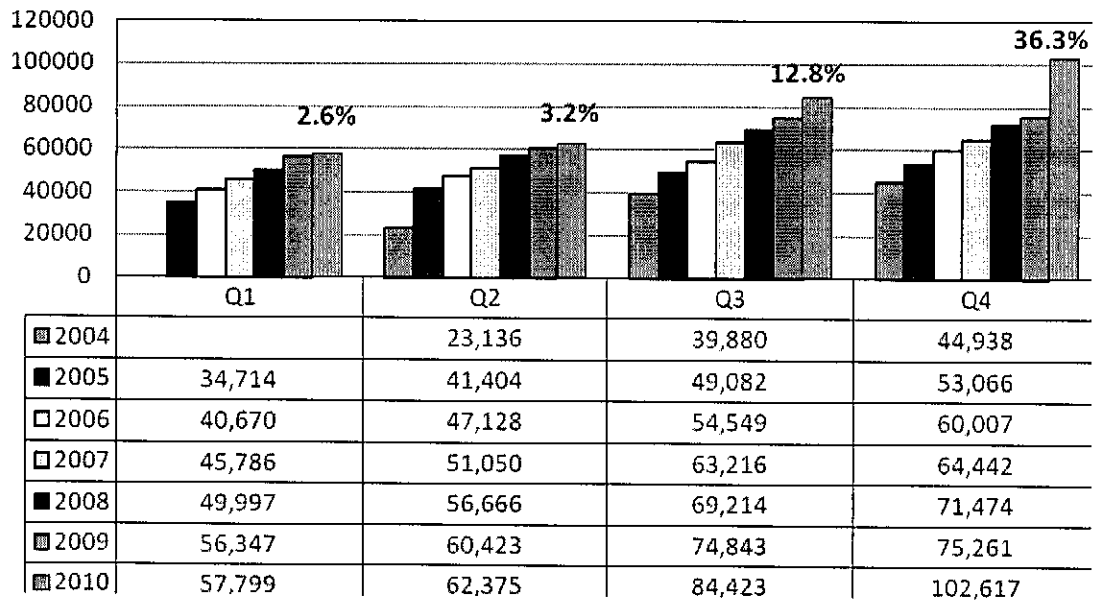


NOTE: In order to provide better definition among the data points, the scale of this graph has been adjusted to show the upper end of the comparative scale.

Volume

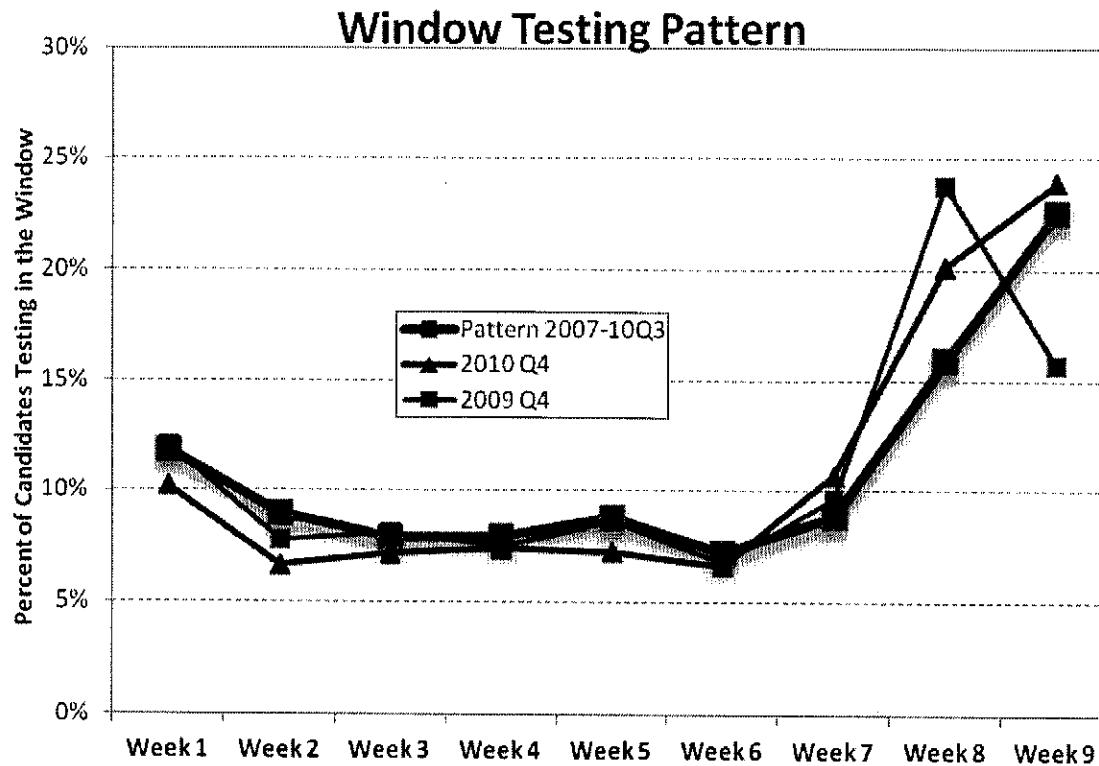
The candidate volume for 10Q4 was 102,617 – which represents a 36.3% increase over the same period in 2009.

Window-over-Window Total Volume



Testing Patterns

The graph below shows the percent of candidates testing each week within a given window. The dark line shows the average percentage for each week across all windows from 2007 through Q3 2010 – which represents the typical candidate scheduling pattern. The patterns for 2009 Q4 (shown in blue) and 2010 Q4 (shown in red) generally follow the broader pattern, deviating somewhat in the last two weeks.



Looking Forward

Candidate volume levels continued to grow through 10Q4 despite overall poor economic conditions – achieving the highest level of testing in CBT history. The fourth quarter was characterized by high candidate satisfaction and test delivery reliability. No equipment issues have been experienced.

Review Course Providers were advising candidates to test in 2010, before CBTe and other changes are enacted. Because of this, we anticipated high volumes in 10Q4 followed by lower volumes for early windows of 2011.



Susana Martinez
GOVERNOR

J. Dee Dennis, Jr.
SUPERINTENDENT

Mary Kay Root
DEPUTY
SUPERINTENDENT

James C. McKay
CHIEF GENERAL
COUNSEL

Larissa Byrd
ASD DIRECTOR AND
CHIEF FINANCIAL
OFFICER

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Boards and Commissions Division
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Construction Industries Division
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Financial Institutions Division
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Manufactured Housing Division
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Securities Division
(505) 476-4580

Administrative Services Division
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New Mexico Regulation and Licensing Department

BOARDS AND COMMISSIONS DIVISION

Public Accountancy Board

5200 Oakland Avenue, NE, Suite D • Albuquerque, New Mexico 87113
(505) 222-9850 • Fax (505) 222-9855 • www.rld.state.nm.us

April 19, 2011

Mr. Billy Atkinson, CPA
Chair, NASBA Nominating Committee
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417

RE: Nomination of Leonard Sanchez, CPA, PFS, for NASBA Director-at-Large Position

Dear Mr. Atkinson:

The New Mexico Public Accountancy Board is pleased to nominate Leonard R. Sanchez, CPA, PFS, to serve as Director-at-Large for 2011-2014. Mr. Sanchez served as Director-at-Large for one term (2007-2010) and is eligible to serve a second term.

Mr. Sanchez holds a Bachelor of Business Administration degree in Accounting from the University of New Mexico and is currently a Financial Professional with AXA Advisors, LLC. Prior to that, he was a Financial Advisor with Transamerica Financial Advisors, Inc. and a tax partner with Moss Adams LLP. He is a licensed General Securities Registered Representative, and he holds a Personal Financial Specialist (PFS) designation from the American Institute of Certified Public Accountants (AICPA).

In addition to serving as Director-at-Large, Mr. Sanchez has served on numerous NASBA committees, including the Long-Term Strategy Committee, the Examinations Committee, the Strategies Initiative Committee, the Ethics Committee, and the Nominating Committee. He also served as Southwest Regional Director from 1996-1998, and he has served on the International Qualifications Appraisal Board.

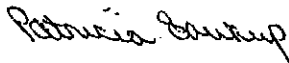
Mr. Sanchez served on the New Mexico Public Accountancy Board from 1991 to 1999, and he served as Chairman in 1996. He was reappointed to the Board in 2003, and he served as Chairman in 2006 and again in 2009. He is extremely committed to upholding the highest standards in the public accountancy profession. He received the Community Service Award from the New Mexico Society of Certified Public Accountants in 1984, and he received the Outstanding CPA in Public Practice Award from the New Mexico Society of CPAs in 1994. In 2000 he was selected as Financial Executive of the Year by the Accountants on Call/Institute of Management. In 2007 he received the

Lifetime Achievement Award from the New Mexico Society of Certified Public Accountants, and in 2009 he was inducted into the University of New Mexico Anderson School of Management Hall of Fame.

Mr. Sanchez is also involved extensively in the community. He currently serves or has served on the Albuquerque Hispano Chamber of Commerce, the Greater Albuquerque Chamber of Commerce, the New Mexico Economic Forum, Governor Bill Richardson's Task Force on Ethics Reform, and the United Way, to name a few.

The members of the New Mexico Public Accountancy Board are pleased to nominate Mr. Sanchez to serve as Director-at-Large for a second term.

Sincerely, on Behalf of the Board,



Patricia Soukup
Executive Director
New Mexico Public Accountancy Board

cc: Mr. David Costello, CPA, NASBA President and CEO
Mr. Ken Bishop, Executive Vice President and COO
Mr. Michael Daggett, CPA, Chair, NASBA Board of Directors
State Boards of Accountancy

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



KEALI'I S. LOPEZ
DIRECTOR

CELIA C. SUZUKI
LICENSING ADMINISTRATOR

BOARD OF PUBLIC ACCOUNTANCY

STATE OF HAWAII
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

P.O. Box 3469
HONOLULU, HAWAII 96801
www.hawaii.gov/dcca/pvl

April 20, 2011

Via e-mail transmission to: aholt@nasba.org

Mr. Billy M. Atkinson
Chairman, Nominating Committee
NASBA
150 4th Avenue North, Suite 1300
Nashville, TN 37219-2417

Re: Hawaii Board of Public Accountancy
Support for Nomination of Laurie J. Tish, CPA
as 2011-2012 NASBA Director-at-Large

Dear Mr. Atkinson and Members of the Nominating Committee:

At its April 15, 2011 meeting, the Hawaii Board of Public Accountancy unanimously voted to support the nomination of Laurie J. Tish, CPA, for a Director-at-Large position on NASBA's Board of Directors for the three year term of 2011-2014.

We believe that Ms. Tish has been an outstanding asset to NASBA and its member jurisdictions. She has demonstrated excellent leadership qualities in her committee participation, her membership on the NASBA Board as Pacific Regional Director for the past three years, and her involvement in various other teams and task forces.

The Hawaii Board is well aware of Ms. Tish's many and varied contributions to NASBA and NASBA's members, and commends her for her hard work, professional expertise, and personal commitment to public

Mr. Billy M. Atkinson
April 20, 2011
Page 2

service. We unconditionally and unanimously support Laurie J. Tish for NASBA Director-at-Large.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas T. Ueno", written in a cursive style.

Thomas T. Ueno
Chairperson

TTU:LMK:ln

cc: Laurie J. Tish, CPA
State Boards of Accountancy



MEMORANDUM

To: State Board Executive Directors
State Board Chairs/Presidents
NASBA Board of Directors
Past Chair Advisory Council

From: David A. Costello, President & CEO

Date: 3/30/2011

Re: Vice Chair Nomination

NASBA's Nominating Committee met Monday, March 28, to select a candidate for NASBA Vice Chair 2011-2012, who will automatically accede to Chair in 2012-2013. I am pleased to present Gaylen R. Hansen, CPA, as the Committee's nominee.

Gaylen is a former member and president of the Colorado State Board of Accountancy and currently serves as a Director-at-large of NASBA and serves on numerous NASBA committees, including Regulatory Response, Global Strategies and Ethics & Strategic Professional Issues (Chair). Gaylen served as NASBA's Mountain Region Director 2005 – 2007, and began his service as Director-at-Large in 2008.

Gaylen also represents NASBA and state boards on other committees including the AICPA's Professional Ethics Executive Committee (PEEC) and on the Standing Advisory Group of the PCAOB. His past exemplary record of service also included participation as a member of the prestigious U.S. Treasury's Advisory Committee on the Auditing Profession (ACAP).

In 2009, Gaylen chaired a joint NASBA / AICPA Firm Name Study Group that resulted in an AICPA White Paper recommending changes to the UAA Rules on Firm Names. Beginning in 2010, he began representing NASBA on the International Federation of Accountants' (IFAC) Consultative Advisory Group of both its ethics and auditing standards boards and continues to represent NASBA on IFAC's National Standard Setters committee on ethics.

Gaylen holds a Bachelor of Science in Business Administration degree from California State Polytechnic University, Pomona, and a Master of Business Administration degree from California State University, Fullerton. He is an audit partner and director of quality assurance at Ehrhardt Keefe Steiner & Hottman (EKS&H). EKS&H is the largest public accounting firm headquartered in Colorado and sixth largest firm based in the western U.S. Gaylen is responsible for formulating the Firm's accounting and audit technical policy standards, including regulatory liaison, inspections and peer review. He and his wife Colleen have 8 children and 11 grandchildren.



Gaylen's dedication and professional skills will help further NASBA's mission to enhance the effectiveness of State Boards of Accountancy in the years to come. Please join me in congratulating Gaylen R. Hansen, on receiving the nomination for Vice Chair of NASBA 2011-2012.

Please remember we need your Board's recommendations for NASBA Regional Directors and Directors-at- Large for the 2011-2012 NASBA Board of Directors. Eight Regional Directors shall be elected for one-year terms, and may serve a maximum of three terms. The Board's nine Directors-at-Large have staggered three-year terms, with a maximum of two terms per Director. Three Directors-at-Large will be elected for 2011-2014. Your recommendation(s) to the Nominating Committee should be approved by your State Board and addressed to Billy M. Atkinson, CPA, National Association of State Boards of Accountancy, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417.

Recommendations must be received by May 23, 2010. Thank you for guiding NASBA's future through your participation in our election process.

cc: Billy M. Atkinson, Chair, Nominating Committee
Nominating Committee