



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
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Sioux Falls, SD 57104
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Agenda
South Dakota Board of Accountancy Meeting
Conference Room – Department of Legislative Audit
8:30 a.m. (CT)
May 13, 2013

A=Action

D=Discussion

I=Information

	Page
A-Approval of Minutes of Meeting March 25, 2013.....	2-3
A-Approval of Certificates & Firm Permits.....	4-5
A-Financial Statements through March 2013.....	6-15
D-Executive Director's Report.....	16
10:00 Rules Hearing.....	17-35
NASBA	
D-Letter in regards to AICPA Ethics Codification.....	36
D-Nomination of Janice Gray for Director-at-Large.....	37-40
Support letters from ID, MS.....	41-42
D-Nomination of Harry Parsons for Director-at-Large.....	43
D-Meeting Minutes from Board of Directors January 25, 2013.....	44-51
D-Meeting Highlights from Board of Directors April 19, 2013.....	52-53
D-Executive Summary and Responses to Quarterly Focus Questions from Regional Directors..	54-75
EXECUTIVE SESSION	
Equivalent Reviews, South Dakota Reviews and complaints for Board Approval.....	Spt. Pkt.

FUTURE MEETING DATES (all times CT)

June 24 – 9:00 Conference Call

July 22 – 9:00 Conference Call

August 12 – 8:30 Sioux Falls, SD –Country Inn & Suites, Meeting Room



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**South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
March 25, 2013 - 9:00 a.m.**

The Board of Accountancy held a meeting by conference call on Monday, March 25, 2013. Chair John Mitchell called the meeting to order at 9:14 a.m.

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

Also present were Nicole Kasin, Executive Director; Tricia Nussbaum, Secretary; and Todd Kolden, Department of Labor & Regulation.

Chair John Mitchell asked if there were any additions to the agenda. The following were added:
Report to Board on NASBA Regional Conference
Additions to Executive Directors Report

A motion was made by Marty Guindon and seconded by John Linn, Jr. to approve the January 28, 2013, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by Holly Brunick and seconded by David Pummel to approve the issuance of individual certificates and firm permits through March 18, 2013. A roll call vote was taken. The motion unanimously carried.

Aaron Arnold, Legal Counsel, joined the meeting at 9:17 a.m.

A motion was made by Marty Guindon and seconded by John Linn, Jr. to approve the financial statements through February 2013. A roll call vote was taken. The motion unanimously carried.

John Peterson, Board Member, joined the meeting at 9:31 a.m.

Executive Director Kasin discussed her report. The Board was updated on the licensees CPE audits. The Board was informed of Nicole's future calendar. The Board was informed of a rules hearing will take place at the May meeting. The Board discussed Legislation – overview from the 2013 session. The Board was informed of proposed guests/speakers at the August Meeting. Executive Director Kasin gave a recap of the Executive Directors Conference. Aaron Arnold gave a recap of the Legal Counsel Conference.

The Board discussed the report on the CPA exam grades for the 36th window.

A motion was made by David Pummel and seconded by John Peterson to approve the CPA Exam scores for the 36th CPA Exam window through March 2013. A roll call vote was taken. The motion unanimously carried.

The Board discussed the NASBA Western Regional Conference which will be held in New Orleans, LA, June 5-7, 2013 and the NASBA Eastern Regional Conference which will be held in Chicago, IL, June 26-28, 2013. It was noted that because David Pummel is a new Board member, NASBA would cover most of his costs to attend the Western Regional Conference.

A motion was made by John Peterson and seconded by John Linn, Jr. to approve travel for the Executive Director and three Board members to attend the NASBA Western Regional Conference held in New Orleans, LA, June 5-7, 2013. Also for Executive Director Kasin to attend, as a speaker, the NASBA Eastern Regional Conference which will be held in Chicago, IL, June 26-28, 2013. A roll call vote was taken. The motion unanimously carried. The Executive Director will submit the necessary travel documents for approval.

The Board was informed of the AICPA's Board of Examiners Meeting Highlights from 1-30-13 and 2-1-13.

The Board discussed NASBA's 4th Quarter 2012 Candidate Concerns Report; NASBA's response letter to International Ethics Standards Board Exposure Draft; NASBA's response letter to AICPA Exposure Draft FRF-SME; Meeting Minutes from Board of Directors October 26, 2012; Meeting Highlights from Board of Directors January 25, 2013; and Executive Summary and Responses to Quarterly Focus Questions from Regional Directors.

The Board completed the NASBA's Regional Directors' Quarterly Focus Questions.

A motion was made by Holly Brunick and seconded by Marty Guindon to enter into executive session for the deliberative process for peer reviews, follow-up, proposed consent agreements, and complaints. A roll call vote was taken. The motion unanimously carried.

The Board came out of executive session.

A motion was made by Marty Guindon and seconded by Holly Brunick to accept the peer reviews, follow-up, proposed consent agreements, and complaints as discussed in executive session. A roll call vote was taken. The motion unanimously carried.

FUTURE MEETING DATES (all times CT)

May 13-8:30 -Department of Legislative Audit-Pierre, SD


June 24-9:00 -Conference Call

July 22-9:00 -Conference Call

August 12-8:30 -Sioux Falls, SD, location TBD

A motion was made by John Linn, Jr. and seconded by Holly Brunick to adjourn the meeting. A roll call vote was taken. The motion unanimously carried.

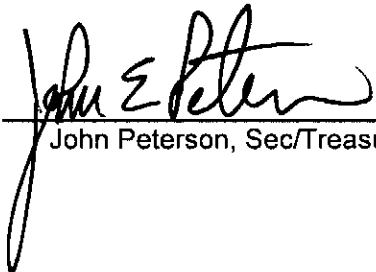
All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 10:26 a.m.



John Mitchell, CPA, Chair

Attest: 

Nicole Kasin, Executive Director



John Peterson, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through May 3, 2013

Number	Name	Date Issued	Location
3076	Cameron Andrew Zent	3/25/13	Aberdeen, SD
3077	Emily Lauren Mitchell	3/28/13	Aberdeen, SD
3078	Catherine Maria Alm	3/28/13	Sioux Falls, SD
3079	Stephanie Lynn Rebnord	4/01/13	Sioux Falls, SD
3080	Christopher Lee Noordsy	4/08/13	Rapid City, SD
3081	Michelle Marie Harmon	4/22/13	Spearfish, SD
3029	Ravi Chandu Jadhaw replacement	7/09/12	Sugarland, TX

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

**Issued Through
May 3, 2013**

Number	Name	Date Issued	Basis/Comments
1605	John Fokken, CPA Sioux Falls, SD	04/22/13	New Firm

BAL409R1

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STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 03/31/2013

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	308,195.86	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			308,195.86	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			308,195.86	DR **	
BUDGET UNIT TOTAL 1031			308,195.86	DR ***	

BA0205A5 03/30/2013

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 03/31/2013

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AGENCY	BUDGET UNIT	CENTER-5	10	LABOR	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT	NUMBER	POSTING	DATE	JV	APPL	#	SHORT	VENDOR	NUMBER	VENDOR	GROUP	AMOUNT	DR/	CR
COMPANY NO 6503																								
COMPANY NAME PROFESSIONAL & LICENSING BOARDS																								
6503	103100061802	51010100		CGEX130227		03/01/2013																2,620.00	DR	
6503	103100061802	51010100		CGEX130314		03/15/2013																2,620.00	DR	
OBJSUB: 5101010 F-T EMP SAL & WAGES																								
6503	103100061802	51010200		CGEX130227		03/01/2013																5,240.00	DR	*
6503	103100061802	51010200		CGEX130314		03/15/2013																680.69	DR	
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES																								
6503	103100061802	51010300		CGEX130227		03/01/2013																1,369.73	DR	*
OBJSUB: 5101030 BOARD & COMM MERS FEES																								
6503	103100061802	51020100		CGEX130227		03/01/2013																6,669.73	DR	*
6503	103100061802	51020100		CGEX130314		03/15/2013																248.73	DR	**
OBJSUB: 5102010 CASI-EMPLOYER'S SHARE																								
6503	103100061802	51020200		CGEX130227		03/01/2013																493.50	DR	*
6503	103100061802	51020200		CGEX130314		03/15/2013																198.04	DR	
OBJSUB: 5102020 RETIREMENT-ER SHARE																								
6503	103100061802	51020600		CGEX130227		03/01/2013																396.58	DR	*
6503	103100061802	51020600		CGEX130314		03/15/2013																1,484.01	DR	
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE																								
6503	103100061802	51020800		CGEX130227		03/01/2013																2,275.89	DR	*
6503	103100061802	51020800		CGEX130314		03/15/2013																5.28	DR	
OBJSUB: 5102080 WORKER'S COMPENSATION																								
6503	103100061802	51020900		CGEX130227		03/01/2013																10.57	DR	*
6503	103100061802	51020900		CGEX130314		03/15/2013																2.48	DR	
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION																								
6503	103100061802	51020900		CGEX130227		03/01/2013																4.97	DR	*
6503	103100061802	51020900		CGEX130314		03/15/2013																3,181.51	DR	**
OBJSUB: 5102090 EMPLOYEE BENEFITS																								
6503	103100061802	51020900		CGEX130227		03/01/2013																9,851.24	DR	**
6503	103100061802	51020900		CGEX130314		03/15/2013																707.60	DR	**
OBJSUB: 5102090 PERSONAL SERVICES																								
6503	103100061802	51020900		CGEX130227		03/01/2013																722.80	DR	
6503	103100061802	51020900		CGEX130314		03/15/2013																1,430.40	DR	*
OBJSUB: 5102090 AIR-COMM-OUT-OF-STATE																								
6503	103100061802	51020900		CGEX130227		03/01/2013																78.00	DR	
6503	103100061802	51020900		CGEX130314		03/15/2013																40.00	DR	
OBJSUB: 5102090 OTHER-PUBLIC-OUT-OF-STATE																								
6503	103100061802	51020900		CGEX130227		03/01/2013																118.00	DR	*
6503	103100061802	51020900		CGEX130314		03/15/2013																714.81	DR	
OBJSUB: 5102090 LODGING/OUT-OF-STATE																								
6503	103100061802	51020900		CGEX130227		03/01/2013																1,441.62	DR	
6503	103100061802	51020900		CGEX130314		03/15/2013																2,156.43	DR	*

BA0205A5 03/30/2013

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 03/31/2013

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AGENCY BUDGET UNIT CENTER-5	10 1031 10310	LABOR BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV APPL. #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMP	CENTER	ACCOUNT								
6503	103100061802	52033200	CGEX130319	03/20/2013	367170				50.00	DR
6503	103100061802	52033200	CGEX130321	03/22/2013	368280				35.00	DR
OBJSUB:	5203320	INCIDENTALS-OUT-OF-STATE							85.00	DR *
6503	103100061802	52033500	CGEX130319	03/20/2013	367170				64.00	DR
6503	103100061802	52033500	CGEX130321	03/22/2013	368280				198.00	DR
OBJSUB:	5203350	NON-TAXABLE MEALS/OUT-ST							262.00	DR *
OBJECT:	5203	TRAVEL							4,051.83	DR **
6503	103100061802	52041800	DP301098	03/06/2013					585.00	DR
OBJSUB:	5204180	COMPUTER SERVICES-STATE							585.00	DR *
6503	103100061802	52042000	PL302059	03/20/2013					142.90	DR
OBJSUB:	5204200	CENTRAL SERVICES							142.90	DR *
6503	103100061802	52042200	INV1310627	03/06/2013	02027904	MARCOINC	12201534		2.58	DR
OBJSUB:	5204220	EQUIPMENT SERV & MAINT							2.58	DR *
6503	103100061802	52042300	13SC100008 MAR13	03/31/2013	99954125	SUNSETOFFI	12043890		122.86	DR
OBJSUB:	5204230	JANITORIAL & MAINT SERV							122.86	DR *
6503	103100061802	52043400	35696	03/06/2013	99947730	ELBOCOMPUT	12124520		141.60	DR
OBJSUB:	5204340	COMPUTER SOFTWARE MAINT							141.60	DR *
6503	103100061802	52044600	H3823184	03/06/2013	02027913	MAILFINANC	12219369		597.00	DR
6503	103100061802	52044600	INV1310627	03/06/2013	02027904	MARCOINC	12201534		57.00	DR
OBJSUB:	5204460	EQUIPMENT RENTAL							654.00	DR *
6503	103100061802	52044900	ACCOUNTRENT2012	03/26/2013	02029849	MCGINNISRO	12074040		1,269.45	DR
OBJSUB:	5204490	RENTS-PRIVATE OWNED PROP.							1,269.45	DR *
6503	103100061802	52045300	TL301153	03/06/2013					128.69	DR
OBJSUB:	5204530	TELECOMMUNICATIONS SRVCS							128.69	DR *
6503	103100061802	52045400	5159417006 0213	03/06/2013	02027542	XCELENERGY	12023853		61.52	DR
OBJSUB:	5204540	ELECTRICITY							61.52	DR *
6503	103100061802	52045600	68332	03/20/2013	99951814	ECOWATER	12035896		22.35	DR
OBJSUB:	5204560	WATER							22.35	DR *
6503	103100061802	52047400	CI103A-054	03/20/2013	173111				62.64	DR
6503	103100061802	52047400	CI103A-054	03/20/2013	173111				62.64	DR
6503	103100061802	52047400	CI103A-054	03/20/2013	173111				62.64	CR
OBJSUB:	5204740	BANK FEES AND CHARGES							62.64	DR *
6503	103100061802	52049600	13479983	03/20/2013	99951549	NATLASSNST	12005047		6,551.55	DR
OBJSUB:	5204960	OTHER CONTRACTUAL SERVICE							6,551.55	DR *
OBJECT:	5204	CONTRACTUAL SERVICES							9,745.14	DR **

South Dakota Board of Accountancy
Balance Sheet
As of March 31, 2013

	Mar 31, 13
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	378.53
1140000 · Pool Cash State of SD	308,195.86
Total Checking/Savings	308,574.39
Other Current Assets	
1131000 · Interest Income Receivable	10,171.95
1213000 · Investment Income Receivable	1,234.30
Total Other Current Assets	11,406.25
Total Current Assets	319,980.64
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-113,910.63
Total 1670000 · Computer Software	26,152.60
Total Fixed Assets	26,152.60
TOTAL ASSETS	346,133.24
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	2,106.28
Total Accounts Payable	2,106.28
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,187.15
2810000 · Amounts Held for Others	21,555.09
Total Other Current Liabilities	28,742.24
Total Current Liabilities	30,848.52
Long Term Liabilities	
2960000 · Compensated Absences Payable	13,333.93
Total Long Term Liabilities	13,333.93
Total Liabilities	44,182.45
Equity	
3220000 · Unrestricted Net Assets	248,030.55
3300100 · Invested In Capital Assets	26,152.60
Net Income	27,767.64
Total Equity	301,950.79
TOTAL LIABILITIES & EQUITY	346,133.24

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2012 through March 2013

	Jul '12 - Mar 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,150.00	3,000.00	-850.00	71.7%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-50.00			
4293551 · Certificate Renewals-Active - Other	55,150.00	46,000.00	9,150.00	119.9%
Total 4293551 · Certificate Renewals-Active	55,100.00	46,000.00	9,100.00	119.8%
4293552 · Certificate Renewals-Inactive	20,050.00	18,000.00	2,050.00	111.4%
4293553 · Certificate Renewals-Retired	710.00	700.00	10.00	101.4%
4293554 · Initial Firm Permits	800.00	1,250.00	-450.00	64.0%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	20,050.00	17,000.00	3,050.00	117.9%
Total 4293555 · Firm Permit Renewals	20,000.00	17,000.00	3,000.00	117.6%
4293557 · Initial Audit	300.00	750.00	-450.00	40.0%
4293558 · Re-Exam Audit	1,680.00	2,340.00	-660.00	71.8%
4293560 · Late Fees-Initial Certificate	200.00			
4293561 · Late Fees-Certificate Renewals	2,300.00	4,000.00	-1,700.00	57.5%
4293563 · Late Fees-Firm Permit Renewals	550.00	800.00	-250.00	68.8%
4293564 · Late Fees-Peer Review	700.00	1,100.00	-400.00	63.6%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-20.00			
4293566 · Firm Permit Individual - Other	73,470.00	64,000.00	9,470.00	114.8%
Total 4293566 · Firm Permit Individual	73,450.00	64,000.00	9,450.00	114.8%
4293567 · Peer Review Admin Fee	825.00	5,650.00	-4,825.00	14.6%
4293568 · Firm Permit Name Change	50.00	100.00	-50.00	50.0%
4293569 · Initial FAR	630.00	1,140.00	-510.00	55.3%
4293570 · Initial REG	390.00	660.00	-270.00	59.1%
4293571 · Initial BEC	330.00	930.00	-600.00	35.5%
4293572 · Re-Exam FAR	1,800.00	1,710.00	90.00	105.3%
4293573 · Re-Exam REG				
REFUNDS	0.00			
4293573 · Re-Exam REG - Other	1,590.00	1,800.00	-210.00	88.3%
Total 4293573 · Re-Exam REG	1,590.00	1,800.00	-210.00	88.3%
4293574 · Re-Exam BEC				
5208009 · REFUNDS	0.00			
4293574 · Re-Exam BEC - Other	1,380.00	1,980.00	-600.00	69.7%
Total 4293574 · Re-Exam BEC	1,380.00	1,980.00	-600.00	69.7%
4491000 · Interest and Dividend Revenue	8,344.35	9,000.00	-655.65	92.7%
4896021 · Legal Recovery Cost	550.00	1,000.00	-450.00	55.0%
Total Income	193,879.35	182,910.00	10,969.35	106.0%
Gross Profit	193,879.35	182,910.00	10,969.35	106.0%
Expense				
5101010 · F-T Emp Sal & Wages	51,290.07	68,843.00	-17,552.93	74.5%
5101020 · P-T/Temp Emp Sal & Wages	13,554.76	17,769.00	-4,214.24	76.3%
5101030 · Board & Comm Mbrs Fees	1,680.00	4,138.00	-2,458.00	40.6%
5102010 · OASI-Employer's Share	4,874.98	6,918.00	-2,043.02	70.5%
5102020 · Retirement-ER Share	3,890.67	5,445.00	-1,554.33	71.5%
5102060 · Health /Life Ins.-ER Share	14,945.97	19,005.00	-4,059.03	78.6%
5102080 · Worker's Compensation	103.71	254.00	-150.29	40.8%
5102090 · Unemployment Insurance	48.67	91.00	-42.33	53.5%
5203010 · Auto--State Owned	699.92	600.00	99.92	116.7%
5203020 · Auto-Private-Ownes Low Mileage	0.00	400.00	-400.00	0.0%
5203030 · In State-Auto- Priv. High Miles	446.96	1,500.00	-1,053.04	29.8%
5203100 · In State-Lodging	448.75	1,000.00	-551.25	44.9%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	32.00	100.00	-68.00	32.0%
5203150 · InState-Non-Tax Meals OverNight	237.00	400.00	-163.00	59.3%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2012 through March 2013

	Jul '12 - Mar 13	Budget	\$ Over Budget	% of Budget
5203220 · OS-Auto Private Low Mileage	90.40			
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	4,330.73	5,700.00	-1,369.27	76.0%
5203280 · OS-Other Public Carrier	249.00	500.00	-251.00	49.8%
5203300 · OS-Lodging	6,333.93	7,800.00	-1,466.07	81.2%
5203320 · OS-Incidentals to Travel	425.00	350.00	75.00	121.4%
5203350 · OS-Non-Taxable Meals Overnight	812.00	1,200.00	-388.00	67.7%
5204010 · Subscriptions	328.66	1,500.00	-1,171.34	21.9%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	6,700.00	6,700.00	0.00	100.0%
5204160 · Workshop Registration Fees	2,262.00	6,000.00	-3,738.00	37.7%
5204180 · Computer Services-State	570.00	600.00	-30.00	95.0%
5204181 · Computer Development Serv-State	923.15	10,400.00	-9,476.85	8.9%
5204200 · Central Services	4,922.66	7,000.00	-2,077.34	70.3%
5204220 · Equipment Service & Maintenance	52.57	300.00	-247.43	17.5%
5204230 · Janitorial/Maintenance Services	1,105.74	1,560.00	-454.26	70.9%
5204340 · Computer Software Maintenance	1,430.35	1,000.00	430.35	143.0%
5204360 · Advertising-Newspapers	195.00	1,500.00	-1,305.00	13.0%
5204440 · Newsletter Publishing	496.10	1,100.00	-603.90	45.1%
5204460 · Equipment Rental	2,487.00	4,500.00	-2,013.00	55.3%
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%
5204510 · Rent-Other	255.17			
5204530 · Telecommunications Services	1,860.18	2,500.00	-639.82	74.4%
5204540 · Electricity	486.32	865.00	-378.68	56.2%
5204560 · Water	134.10	240.00	-105.90	55.9%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	3,096.92	3,200.00	-103.08	96.8%
5205020 · Office Supplies	1,252.33	2,000.00	-747.67	62.6%
5205310 · Printing State	295.88	500.00	-204.12	59.2%
5205320 · Printing/Duplicating/Binding Co	444.45	1,000.00	-555.55	44.4%
5205330 · Supplemental Publications	630.00	700.00	-70.00	90.0%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	1,564.71	3,100.00	-1,535.29	50.5%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	2,325.17	4,800.00	-2,474.83	48.4%
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	4,120.94	7,400.00	-3,279.06	55.7%
5228030 · Depreciation Expense	9,052.74	12,070.40	-3,017.66	75.0%
Total Expense	166,111.71	246,989.40	-80,877.69	67.3%
Net Ordinary Income	27,767.64	-64,079.40	91,847.04	-43.3%
Net Income	27,767.64	-64,079.40	91,847.04	-43.3%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
March 2013

	<u>Mar 13</u>	<u>Mar 12</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	150.00	150.00	0.00	0.0%
4293554 · Initial Firm Permits	100.00	0.00	100.00	100.0%
4293555 · Firm Permit Renewals	0.00	50.00	-50.00	-100.0%
4293557 · Initial Audit	90.00	30.00	60.00	200.0%
4293558 · Re-Exam Audit	180.00	330.00	-150.00	-45.5%
4293560 · Late Fees-Initial Certificate	100.00	0.00	100.00	100.0%
4293564 · Late Fees-Peer Review	50.00	0.00	50.00	100.0%
4293566 · Firm Permit Individual	455.00	390.00	65.00	16.7%
4293569 · Initial FAR	60.00	90.00	-30.00	-33.3%
4293570 · Initial REG	180.00	0.00	180.00	100.0%
4293571 · Initial BEC	120.00	0.00	120.00	100.0%
4293572 · Re-Exam FAR	180.00	180.00	0.00	0.0%
4293573 · Re-Exam REG	240.00	270.00	-30.00	-11.1%
4293574 · Re-Exam BEC	150.00	270.00	-120.00	-44.4%
4896021 · Legal Recovery Cost	0.00	50.00	-50.00	-100.0%
Total Income	<u>2,055.00</u>	<u>1,810.00</u>	<u>245.00</u>	<u>13.5%</u>
Gross Profit	<u>2,055.00</u>	<u>1,810.00</u>	<u>245.00</u>	<u>13.5%</u>
Expense				
5101010 · F-T Emp Sal & Wages	5,240.00	12,541.12	-7,301.12	-58.2%
5101020 · P-T/Temp Emp Sal & Wages	1,369.73	3,258.97	-1,889.24	-58.0%
5101030 · Board & Comm Mbrs Fees	60.00	120.00	-60.00	-50.0%
5102010 · OASI-Employer's Share	493.50	1,158.34	-664.84	-57.4%
5102020 · Retirement-ER Share	396.58	948.02	-551.44	-58.2%
5102060 · Health /Life Ins.-ER Share	2,275.89	2,300.67	-24.78	-1.1%
5102080 · Worker's Compensation	10.57	28.14	-17.57	-62.4%
5102090 · Unemployment Insurance	4.97	10.06	-5.09	-50.6%
5203010 · Auto--State Owned	0.00	146.24	-146.24	-100.0%
5203030 · In State-Auto- Priv. High Miles	0.00	145.78	-145.78	-100.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	14.00	-14.00	-100.0%
5203150 · InState-Non-Tax Meals OverNigt	0.00	9.00	-9.00	-100.0%
5203260 · OS-Air Commercial Carrier	1,430.40	943.00	487.40	51.7%
5203280 · OS-Other Public Carrier	118.00	36.00	82.00	227.8%
5203300 · OS-Lodging	2,156.43	1,161.65	994.78	85.6%
5203320 · OS-Incidentals to Travel	85.00	85.00	0.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	262.00	162.00	100.00	61.7%
5204010 · Subscriptions	0.00	245.49	-245.49	-100.0%
5204180 · Computer Services-State	0.00	75.00	-75.00	-100.0%
5204181 · Computer Development Serv-State	0.00	437.00	-437.00	-100.0%
5204200 · Central Services	142.90	156.64	-13.74	-8.8%
5204220 · Equipment Service & Maintenance	1.38	1.55	-0.17	-11.0%
5204230 · Janitorial/Maintenance Services	122.86	119.86	3.00	2.5%
5204340 · Computer Software Maintenance	0.00	52.50	-52.50	-100.0%
5204460 · Equipment Rental	57.00	93.60	-36.60	-39.1%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	196.70	175.82	20.88	11.9%
5204540 · Electricity	64.02	64.53	-0.51	-0.8%
5204560 · Water	22.35	22.35	0.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,657.50	-1,657.50	-100.0%
5204740 · Bank Fees and Charges	68.64	31.00	37.64	121.4%
5205020 · Office Supplies	31.41	204.66	-173.25	-84.7%
5205320 · Printing/Duplicating/Binding Co	27.50	0.00	27.50	100.0%
5205350 · Postage	0.00	1,000.00	-1,000.00	-100.0%
5228000 · Operating Transfers Out-NonBudg	472.56	462.20	10.36	2.2%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	<u>17,385.70</u>	<u>30,143.00</u>	<u>-12,757.30</u>	<u>-42.3%</u>
Net Ordinary Income	<u>-15,330.70</u>	<u>-28,333.00</u>	<u>13,002.30</u>	<u>45.9%</u>
Net Income	<u>-15,330.70</u>	<u>-28,333.00</u>	<u>13,002.30</u>	<u>45.9%</u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2012 through March 2013

	Jul '12 - Mar 13	Jul '11 - Mar 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,150.00	1,675.00	475.00	28.4%
4293551 · Certificate Renewals-Active	55,100.00	54,190.00	910.00	1.7%
4293552 · Certificate Renewals-Inactive	20,050.00	20,350.00	-300.00	-1.5%
4293553 · Certificate Renewals-Retired	710.00	670.00	40.00	6.0%
4293554 · Initial Firm Permits	800.00	1,100.00	-300.00	-27.3%
4293555 · Firm Permit Renewals	20,000.00	19,750.00	250.00	1.3%
4293557 · Initial Audit	300.00	630.00	-330.00	-52.4%
4293558 · Re-Exam Audit	1,680.00	1,980.00	-300.00	-15.2%
4293560 · Late Fees-Initial Certificate	200.00	100.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,300.00	2,850.00	-550.00	-19.3%
4293563 · Late Fees-Firm Permit Renewals	550.00	600.00	-50.00	-8.3%
4293564 · Late Fees-Peer Review	700.00	800.00	-100.00	-12.5%
4293566 · Firm Permit Individual	73,450.00	72,150.00	1,300.00	1.8%
4293567 · Peer Review Admin Fee	825.00	1,275.00	-450.00	-35.3%
4293568 · Firm Permit Name Change	50.00	320.00	-270.00	-84.4%
4293569 · Initial FAR	630.00	570.00	60.00	10.5%
4293570 · Initial REG	390.00	420.00	-30.00	-7.1%
4293571 · Initial BEC	330.00	450.00	-120.00	-26.7%
4293572 · Re-Exam FAR	1,800.00	1,260.00	540.00	42.9%
4293573 · Re-Exam REG	1,590.00	1,770.00	-180.00	-10.2%
4293574 · Re-Exam BEC	1,380.00	1,710.00	-330.00	-19.3%
4491000 · Interest and Dividend Revenue	8,344.35	11,505.78	-3,161.43	-27.5%
4896021 · Legal Recovery Cost	550.00	2,180.00	-1,630.00	-74.8%
Total Income	193,879.35	198,305.78	-4,426.43	-2.2%
Gross Profit	193,879.35	198,305.78	-4,426.43	-2.2%
Expense				
5101010 · F-T Emp Sal & Wages	51,290.07	56,472.84	-5,182.77	-9.2%
5101020 · P-T/Temp Emp Sal & Wages	13,554.76	14,409.41	-854.65	-5.9%
5101030 · Board & Comm Mbrs Fees	1,680.00	3,180.00	-1,500.00	-47.2%
5102010 · OASI-Employer's Share	4,874.98	5,343.18	-468.20	-8.8%
5102020 · Retirement-ER Share	3,890.67	5,036.34	-1,145.67	-22.8%
5102060 · Health /Life Ins.-ER Share	14,945.97	14,570.91	375.06	2.6%
5102080 · Worker's Compensation	103.71	184.46	-80.75	-43.8%
5102090 · Unemployment Insurance	48.67	65.92	-17.25	-26.2%
5203010 · Auto--State Owned	699.92	281.67	418.25	148.5%
5203020 · Auto-Private-Ownes Low Mileage	0.00	452.00	-452.00	-100.0%
5203030 · In State-Auto- Priv. High Miles	446.96	1,039.70	-592.74	-57.0%
5203100 · In State-Lodging	448.75	640.04	-191.29	-29.9%
5203140 · InState-Tax Meals Not Overnigt	32.00	32.00	0.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	237.00	269.00	-32.00	-11.9%
5203220 · OS-Auto Private Low Mileage	90.40	0.00	90.40	100.0%
5203260 · OS-Air Commercial Carrier	4,330.73	2,286.20	2,044.53	89.4%
5203280 · OS-Other Public Carrier	249.00	185.35	63.65	34.3%
5203300 · OS-Lodging	6,333.93	4,103.57	2,230.36	54.4%
5203320 · OS-Incidentals to Travel	425.00	249.01	175.99	70.7%
5203350 · OS-Non-Taxable Meals Overnight	812.00	504.00	308.00	61.1%
5204010 · Subscriptions	328.66	452.99	-124.33	-27.5%
5204020 · Dues and Membership Fees	3,200.00	3,350.00	-150.00	-4.5%
5204040 · Consultant Fees-Accounting	6,700.00	0.00	6,700.00	100.0%
5204160 · Workshop Registration Fees	2,262.00	3,799.00	-1,537.00	-40.5%
5204180 · Computer Services-State	570.00	552.00	18.00	3.3%
5204181 · Computer Development Serv-State	923.15	1,855.20	-932.05	-50.2%
5204200 · Central Services	4,922.66	4,751.87	170.79	3.6%
5204220 · Equipment Service & Maintenance	52.57	46.07	6.50	14.1%
5204230 · Janitorial/Maintenance Services	1,105.74	1,078.74	27.00	2.5%
5204340 · Computer Software Maintenance	1,430.35	864.55	565.80	65.4%
5204360 · Advertising-Newspapers	195.00	0.00	195.00	100.0%
5204440 · Newsletter Publishing	496.10	0.00	496.10	100.0%
5204460 · Equipment Rental	2,487.00	2,633.40	-146.40	-5.6%
5204480 · Microfilm and Photography	0.00	502.66	-502.66	-100.0%
5204490 · Rents Privately Owned Property	11,425.05	11,425.05	0.00	0.0%
5204510 · Rent-Other	255.17	167.70	87.47	52.2%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2012 through March 2013

	<u>Jul '12 - Mar 13</u>	<u>Jul '11 - Mar 12</u>	<u>\$ Change</u>	<u>% Change</u>
5204530 · Telecommunications Services	1,860.18	1,682.12	178.06	10.6%
5204540 · Electricity	486.32	551.59	-65.27	-11.8%
5204560 · Water	134.10	134.10	0.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,657.50	-1,657.50	-100.0%
5204740 · Bank Fees and Charges	3,096.92	2,723.65	373.27	13.7%
5205020 · Office Supplies	1,252.33	558.94	693.39	124.1%
5205310 · Printing State	295.88	0.00	295.88	100.0%
5205320 · Printing/Duplicating/Binding Co	444.45	163.57	280.88	171.7%
5205330 · Supplemental Publications	630.00	630.00	0.00	0.0%
5205350 · Postage	1,564.71	1,005.85	558.86	55.6%
5207900 · Computer Hardware	2,325.17	0.00	2,325.17	100.0%
5228000 · Operating Transfers Out-NonBudg	4,120.94	4,205.78	-84.84	-2.0%
5228030 · Depreciation Expense	9,052.74	9,052.74	0.00	0.0%
Total Expense	<u>166,111.71</u>	<u>163,150.67</u>	<u>2,961.04</u>	<u>1.8%</u>
Net Ordinary Income	<u>27,767.64</u>	<u>35,155.11</u>	<u>-7,387.47</u>	<u>-21.0%</u>
Net Income	<u><u>27,767.64</u></u>	<u><u>35,155.11</u></u>	<u><u>-7,387.47</u></u>	<u><u>-21.0%</u></u>

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Future Calendar

At the board meeting on June 12, the Board approved my appointment to serve as the Executive Director's Committee Chair and the Executive Director Liaison to the NASBA Board of Directors. To keep the Board informed of days I will be out of the office I plan to utilize a future outlook in between our meetings.

On June 5-7, 2013, I will attend the NASBA Western Regional Conference in New Orleans, LA.

Legislation – Overview from 2013 Session

SB 117 – the enrolled language in this bill is to issue reciprocal licenses to military spouses within 30 days or to issue a temporary license if the final determination cannot be made in 30 days. SDCL 36-20B-25 or 36-20B-26 along with ARSD 20:75:03:15 detail the same requirements as addressed in this bill.

It has been determined by DLR that the following question will be added to our reciprocal certificate application to be in compliance with this bill. Wording similar to: "Is your spouse on active duty in the U.S. Armed Forces." If they answer yes the application will need to be processed within 30 days. This does not pose an issue in our office.

HB 1180 – the enrolled language in this bill is so veterans receive credit for military training/experience towards a licensing requirement, other than the exam requirements. The language stated the Board may promulgate rules. SDCL 36-20B-21 is our experience requirement and states experience must be verified by a licensee and may be gained through employment in government, industry, academia or public practice. ARSD 20:75:03:04 also details the experience requirement.

NABSA Issues/Discussion Items

Committee Interest Forms – Multiple emails have been sent by NASBA

Firm Mobility – This is going to be discussed at the Regional meeting and I would just like a short discussion with the Board prior to attending the conference.

20:75:03:08. (Effective through June 30, 2013) Application for firm permit --

Renewal -- Replacement -- Fees. Any firm required to hold a permit pursuant to SDCL 36-20B-32.1 must apply to the board for such permit on forms provided by the board. An original sheet of each type of letterhead used by the firm must accompany the application. The board shall issue initial firm permits for up to one year. Firm permits expire annually on July 31.

The initial application fee for a firm required to hold a permit pursuant to SDCL 36-20B-32.1(1) or (2) is \$65 for each person holding a certificate, plus \$50 for each firm office in this state. The initial application fee for a firm required to hold a permit pursuant to SDCL 36-20B-32.1(3) is \$65 for each person holding a certificate and performing services pursuant to SDCL 36-20B-70 plus \$50 for each firm office exercising practice privileges in this state. A firm must submit an application for an initial firm permit within 90 days after commencing an engagement. A firm must obtain a permit to practice for the year during which it commences an engagement. If the firm does not submit the application within the 90 days the firm must pay an additional \$50.

An application for renewal of a firm permit must be received by the board by August 1 or must be postmarked by August 1. An application completed on the internet must be submitted on or before 11:59 p.m. central time on August 1, to be considered on time. For firms required to hold a permit pursuant to SDCL 36-20B-32.1(1) or (2) the fee for annual renewal applications submitted on time is \$65 for each person holding a certificate, plus \$50 for each firm office in this state. For firms required to hold a permit pursuant to SDCL 36-20B-32.1(3), the fee for annual renewal applications submitted on time is \$65 for each person holding a certificate and performing services pursuant to SDCL 36-20B-70, plus \$50 for each firm office exercising

practice privileges in this state. If the application for annual renewal is submitted late, the firm is assessed a \$50 late fee.

The fee to replace a firm permit lost or destroyed for any reason or to change a name or form of practice is \$25 for the principal office plus \$15 for each additional office. Failure to receive a renewal notice does not constitute an adequate reason for failing to renew the permit in a timely manner. The fee must accompany the application for a firm permit, renewal of a firm permit, or request for replacement of a firm permit.

Each office location shall disclose the following information in the form of an application for registration, signed and acknowledged by the resident manager of the office location:

- (1) The name of the firm maintaining the office;
- (2) The type of organization (sole proprietorship, partnership, or corporation);
- (3) The address of the office location;
- (4) The name and address of the sole proprietorship; each resident partner, if a partnership; or each resident stockholder and member of the governing body, if a corporation;
- (5) The total percentage of equity ownership and the voting rights of the licensees in the firm;
- (6) The name, address, and certificate or registration number of each certified public accountant or public accountant employed at the office location;
- (7) The name, address, and certificate or registration number of the resident manager of the office location;
- (8) The name, address, and certificate or registration number of each person responsible for supervising or providing attest services, if any, as contemplated by SDCL subdivisions 36-20B-2(1) to (5), inclusive, and SDCL 36-20B-3;

(9) The type of peer review program in which the firm participates and the date and results of the last review.

An applicant for initial issuance or renewal of a permit under SDCL chapter 36-20B shall list in the application any state in which the applicant has applied for or holds a permit as a CPA firm and shall list any past denial, revocation, or suspension of a permit by any other state. A firm that submits a renewal by the use of the internet agrees that submission of the renewal serves as the representative of the firm's signature and verification of the information in the renewal.

(Effective July 1, 2013) Application for firm permit -- Renewal -- Replacement -- Fees. Any firm required to hold a permit pursuant to SDCL 36-20B-32.1 must apply to the board for such permit on forms provided by the board. An original sheet of each type of letterhead used by the firm must accompany the application. The board shall issue initial firm permits for up to one year. Firm permits expire annually on July 31.

The initial application fee for a firm required to hold a permit pursuant to SDCL 36-20B-32.1(1) or (2) is ~~\$65 for each person holding a certificate, plus \$50 for each firm office in this state plus,~~

- (1) For firms with 1 to 15 owners the fee is \$65 per owner;
- (2) For firms with 16 to 25 owners the fee is \$1000;
- (3) For firms with 26 to 60 owners the fee is \$1500;
- (4) For firms with 61 owners or more the fee is \$2000.

The initial application fee for a firm required to hold a permit pursuant to SDCL 36-20B-32.1(3) is ~~\$65 for each person holding a certificate and performing services pursuant to SDCL 36-20B-70~~ plus \$50 for each firm office exercising practice privileges in this state plus,

(1) For firms with 1 to 15 owners the fee is \$65 per owner;

(2) For firms with 16 to 25 owners the fee is \$1000;

(3) For firms with 26 to 60 owners the fee is \$1500;

(4) For firms with 61 owners or more the fee is \$2000.

A firm must submit an application for an initial firm permit within 90 days after commencing an engagement. A firm must obtain a permit to practice for the year during which it commences an engagement. If the firm does not submit the application within the 90 days the firm must pay an additional \$50.

An application for renewal of a firm permit must be received by the board by August 1 or must be postmarked by August 1. An application completed on the internet must be submitted on or before 11:59 p.m. central time on August 1, to be considered on time. For firms required to hold a permit pursuant to SDCL 36-20B-32.1(1) or (2) the fee for annual renewal applications submitted on time is ~~\$65 for each person holding a certificate, plus \$50 for each firm office in~~ this state plus,

(1) For firms with 1 to 15 owners the fee is \$65 per owner;

(2) For firms with 16 to 25 owners the fee is \$1000;

(3) For firms with 26 to 60 owners the fee is \$1500;

(4) For firms with 61 owners or more the fee is \$2000.

For firms required to hold a permit pursuant to SDCL 36-20B-32.1(3), the fee for annual renewal applications submitted on time is ~~\$65 for each person holding a certificate and performing~~

~~services pursuant to SDCL 36-20B-70, plus \$50 for each firm office exercising practice~~
privileges in this state plus,

(1) For firms with 1 to 15 owners the fee is \$65 per owner;

(2) For firms with 16 to 25 owners the fee is \$1000;

(3) For firms with 26 to 60 owners the fee is \$1500;

(4) For firms with 61 owners or more the fee is \$2000.

If the application for annual renewal is submitted late, the firm is assessed a \$50 late fee.

The fee to replace a firm permit lost or destroyed for any reason or to change a name or form of practice is \$25 ~~for the principal office plus \$15 for each additional office.~~ Failure to receive a renewal notice does not constitute an adequate reason for failing to renew the permit in a timely manner. The fee must accompany the application for a firm permit, renewal of a firm permit, or request for replacement of a firm permit.

Each ~~office location~~ firm shall disclose the following information in the form of an application for registration, signed and acknowledged by the resident manager of the ~~office location~~ firm:

(1) The name of the firm ~~maintaining the office;~~

(2) The type of organization (sole proprietorship, partnership, or corporation);

(3) The address of the ~~office location~~ firm;

(4) ~~The name and address of the sole proprietorship; each resident partner, if a partnership; or each resident stockholder and member of the governing body, if a corporation;~~

(5) The total percentage of equity ownership and the voting rights of the licensees in the firm;

~~(6) The name, address, and certificate or registration number of each certified public accountant or public accountant employed at the office location;~~

~~(7) (5) The name, address, and certificate or registration number of the resident manager of the office location firm;~~

~~(8) The name, address, and certificate or registration number of each person responsible for supervising or providing attest services, if any, as contemplated by SDCL subdivisions 36-20B-2(1) to (5), inclusive, and SDCL 36-20B-3;~~

~~(9) (6) The type of peer review program in which the firm participates and the date and results of the last review.~~

An applicant for initial issuance or renewal of a permit under SDCL chapter 36-20B shall list in the application any state in which the applicant has applied for or holds a permit as a CPA firm and shall list any past denial, revocation, or suspension of a permit by any other state. A firm that submits a renewal by the use of the internet agrees that submission of the renewal serves as the representative of the firm's signature and verification of the information in the renewal.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(3)(9)(14)(18)(21).

Law Implemented: SDCL 36-20B-32 to 36-20B-34, inclusive, 36-20B-70.

20:75:03:10. (Effective through June 30, 2013) Notification of firm changes. Any firm holding a permit pursuant to SDCL 36-20B-32 to 36-20B-34, inclusive, shall file with the board a written notification of any of the following events within 30 days after its occurrence:

- (1) Formation of a new firm;
- (2) Addition of a partner, member, or shareholder;
- (3) Retirement, withdrawal, or death of a partner, member, or shareholder;
- (4) Any change in the firm name;
- (5) Dissolution of the firm;
- (6) Change in the management of any office location in this state;
- (7) Establishment of a new office or the closing or change of address of an existing office location in this state or in any other state.

In the event of any change in the legal form of a firm, such new firm shall, within 30 days of the change, file an application for an initial permit and pay the required fee.

(Effective July 1, 2013) Notification of firm changes. Any firm holding a permit pursuant to SDCL 36-20B-32 to 36-20B-34, inclusive, shall file with the board a written notification of any of the following events within 30 days after its occurrence:

- (1) Formation of a new firm;
- ~~(2) Addition of a partner, member, or shareholder;~~
- ~~(3) Retirement, withdrawal, or death of a partner, member, or shareholder;~~
- (4) Any change in the firm name;
- ~~(5)~~ (3) Dissolution of the firm;
- ~~(6)~~ (4) Change in the management of any office location in this state resident manager of the firm;

~~(7) Establishment of a new office or the closing or change of address of an existing office location in this state or in any other state~~ (5) Change of address for the firm.

In the event of any change in the legal form of a firm, such new firm shall, within 30 days of the change, file an application for an initial permit and pay the required fee.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-35.

Cross-Reference: Denial of certificate, § 20:75:03:06.

20:75:05:01. Independence. A licensee shall comply with Section ET 101 of the American Institute of Certified Public Accountants (AICPA), and additionally comply with the independence rules of the United States Securities and Exchange Commission (SEC), United States Department of Labor (DOL), Public Company Accounting Oversight Board (PCAOB) and United States Government Accountability Office (GAO) applicable to the licensees' engagement.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-12(4).

References: AICPA Professional Standards, Volume 2, ET Section 101, as of May 2012 December 2012, American Institute of Certified Public Accountants. Copies may be

viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Cost: Annual Online Subscription of Loose-leaf Edition, Member ~~\$389~~ \$135/Non-Member ~~\$486.25 a set~~ \$168.75.

Government Auditing Standards, by the United States Government Accountability Office (GAO) ~~July 2007 Revision, or~~ December 2011 Revision, ~~as applicable~~. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their website at www.gao.gov/yellowbook. Cost: first document free, each additional copy \$2.

United States Department of Labor (DOL): <http://law.justia.com/us/cfr/title29/29-9.1.3.1.1.0.16.7.html>.

Public Company Accounting Oversight Board (PCAOB):
http://pcaobus.org/Rules/PCAOBRules/Pages/Section_3.aspx.

United States Securities and Exchange Commission (SEC):
<http://www.sec.gov/rules/final/33-8183.htm>.

20:75:05:05. Auditing, accounting, and review standards. A licensee may not permit the licensee's name to be associated with a report on financial statements as defined by SDCL 36-20B-3 unless the licensee complied with generally accepted auditing standards or accounting and review standards as applicable. Generally accepted auditing standards and accounting and review standards are the standards set forth in the **AICPA Professional Standards, Volume 1**, AU Sections 100 through 901, as of ~~May 2011~~ December 2012; **AICPA Professional Standards, Volume 2**, AR Sections 100 through 9600, as of ~~May 2012~~ December 2012; **Professional Standards, Volume 1**, AT Sections 2500 through 2970-400, as of ~~May 2012~~ December 2012; and **AICPA Professional Standards, Volume 2**, ET Sections 50 through 500,

as of ~~May 2012~~ December 2012; by the American Institute of Certified Public Accountants.

Government Auditing Standards by the United States Government Accountability Office,
~~July 2007 Revision, or December 2011 Revision, as applicable.~~ Licensees must justify
departures from these standards.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004;
33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR
305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September
5, 2012.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

References: **AICPA Professional Standards, Volume 1**, AU Sections 100 through 901,
as of ~~May 2011~~ December 2012; **AICPA Professional Standards, Volume 2**, AR Sections 100
through 9600, as of ~~May 2012~~ December 2012; **AICPA Professional Standards, Volume 1**, AT
Sections 2500 through 2970-400, as of ~~May 2012~~ December 2012; and **AICPA Professional
Standards, Volume 2**, ET Sections 50 through 500, as of ~~May 2012~~ December 2012, by the
American Institute of Certified Public Accountants. Copies may be viewed at the board's office
or obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the
Americas, New York, NY 10036. Cost: **AICPA Professional Standards, Volume 1 and
Volume 2**, Annual Online Subscription of Loose-leaf Edition. Member ~~\$389~~ \$135/Non-Member
~~\$486.25~~ \$168.75.

**Government Auditing Standards by the United States Government Accountability
Office, July 2007 Revision, or December 2011 Revision, as applicable.** Copies may be viewed at

the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their website at www.gao.gov/yellowbook. Cost: **Government Auditing Standards**, first document free, each additional copy \$2.

20:75:05:06. Accounting principles. If financial statements or other financial data contain any departure from an accounting principle promulgated by the Financial Accounting Standards Board and its predecessors, the Governmental Accounting Standards Board, or by other entities having similar authority as recognized by the board, a licensee may not:

(1) Express an opinion or state affirmatively that the statements or other data of any entity are presented in conformity with generally accepted accounting principles; or

(2) State that the licensee is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles.

If, however, the statements or data contain such a departure and the licensee can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the licensee may comply with this section by describing the departure, its approximate effects, if practicable, and the reason why compliance with the principle would result in a misleading statement.

Generally accepted accounting principles for nongovernmental entities are those pronouncements issued by the Financial Accounting Standards Board and its predecessor entities published by the **Financial Accounting Standards Board (FASB)**, in **Accounting Standards, Current Text, General Standards**, as of ~~December 2011~~ October 2012, and **Financial Accounting Standards Board (FASB), Accounting Standards, Current Text, Industry**

Standards, as of ~~December 2011~~ October 2012. Generally accepted accounting principles for governmental entities are those pronouncements of the Governmental Accounting Standards Board published in **Codification of Governmental Accounting and Financial Reporting Standards**, as of ~~June 30, 2011~~ June 30, 2012 .

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: Financial Accounting Standards Board (FASB), Accounting Standards www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Codification of Governmental Accounting and Financial Reporting Standards, as of ~~June 30, 2011, Governmental Accounting Standards Board, June 30, 2011~~ June 30, 2012. Copies may be viewed at the board's office or obtained from Governmental Accounting Standards Board Order Department, P.O. Box 30784, Hartford, CT 06150. Cost: ~~\$100 each~~ \$105.

20:75:05:07. Professional standards and conduct. A licensee shall comply with professional ethical standards and conduct. Professional standards and conduct are those established and set forth in the **AICPA Professional Standards, Volume 2, ET Section** as of ~~May 2012~~ December 2012, by the American Institute of Certified Public Accountants.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: AICPA Professional Standards, Volume 2, as of ~~May 2012~~ December 2012, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Cost: Members ~~\$389~~ \$135/Non-Members ~~\$486.25 a set~~ \$168.75.

20:75:05:08. Interpretations. In the interpretation and application of this chapter, the board shall consider interpretations of similar rules issued by the American Institute of Certified Public Accountants.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: AICPA Professional Standards, Volume 2, as of ~~May 2012~~ December 2012, American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Cost: Members ~~\$389~~ \$135/Non-Members ~~\$486.25 a set~~ \$168.75.

20:75:05:17. Records retention. A licensee shall comply with the record retention rules of the American Institute of Certified Public Accountants (AICPA), United States Government Accountability Office (GAO), United States Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB), and United States Department of Labor (DOL) as applicable to the engagement.

Source: s0 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-12(4).

References: AICPA Professional Standards, Volume 2, ET Section 101, as of ~~May 2012~~ December 2012, by the American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Cost: Annual Online Subscription of ~~Loose-leaf Edition~~, Member ~~\$389~~ \$135/Non-Member ~~\$486.25 a set~~ \$168.75.

Government Auditing Standards, by the United States Government Accountability Office, ~~July 2007 Revision, or~~ December 2011 Revision, ~~as applicable~~. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office,

Washington, D.C. 20548; or from their web site at www.gao.gov/yellowbook. Cost:

Government Auditing Standards, first document free, each additional copy \$2.

United States Securities and Exchange Commission (SEC):

<http://www.sec.gov/rules/final/33-8180.htm>.

Public Company Accounting Oversight Board (PCAOB):

http://pcaobus.org/Standards/Auditing/Pages/Auditing_Standard_3_Appendix_A.aspx.

United States Department of Labor (DOL): [http://law.justia.com/us/cfr/title29/29-](http://law.justia.com/us/cfr/title29/29-9.1.5.13.1.html)

[9.1.5.13.1.html](http://law.justia.com/us/cfr/title29/29-9.1.5.13.1.html).

20:75:07:01. Definitions. Terms used in this chapter mean:

(1) "Accounting and auditing practice," all engagements covered by "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE) for Financial Forecasts and Projections (AICPA, Professional Standards, vol. 1, AT sec. 200), attest services on financial information when the firm audits, reviews, or compiles the historical financial statements of the client, and standards for financial and compliance audits contained in

Government Auditing Standards ("Yellow Book") ~~July 2007 Revision, or~~ December 2011 Revision, ~~as applicable,~~ issued by the U. S. General Accounting Office;

(2) "Engagement review," a review required of a firm that only performs services under "Statements for Accounting and Review Services" or "Statements on Standards for Attestation Engagements" not included in system reviews;

(3) "Equivalent review," a peer review conducted by the American Institute of Certified Public Accountants, a state licensing board, or an accounting association or society in accordance with the review standards in §§ 20:75:07:09 to 20:75:07:15, inclusive;

(4) "Pass report," a report issued as the result of a peer review that describes no significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

(5) "Pass with deficiency or fail report," a pass with deficiency or fail report issued as the result of a peer review that describes significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

(6) "Professional standards," professional standards in §§ 20:75:05:05 and 20:75:05:06;

(7) "Quality control system," the five elements of quality control described in "Statement on Quality Control Standards (SQCS)," No. 2, vol. 2, QC Section 20, and "Statements on Quality Control Standards," published in **AICPA Professional Standards, Volume 2**, as of ~~May 2012~~ December 2012;

(8) "Report review," a review required of a firm that only performs compilation engagements under "Statements for Accounting and Review Services" where the firm has compiled financial statements that omit substantially all disclosures;

(9) "South Dakota review," a peer review conducted under the South Dakota Board of Accountancy program in accordance with this chapter;

(10) "System review," a review required of a firm that performs engagements under the "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE), or "Government Auditing Standards" (GAS), or performs examinations of prospective financial statements under "Statements on Standards for Attestation Engagements";

(11) "Year of review," the calendar year during which a peer review is to be conducted; in the case of an equivalent review, the fiscal or calendar year during which a peer review is to be conducted;

(12) "Year under review," the calendar year prior to the year of review; in the case of an equivalent review, the fiscal or calendar year prior to the year of review.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

References: **Government Auditing Standards, July 2007 Revision, or December 2011 Revision, as applicable.** United States Government Accountability Office. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, DC 20548, or their website at www.gao.gov/yellowbook. Cost: **Government Auditing Standards, July 2007 Revision, or December 2011 Revision, as applicable,** first copy free, each additional copy \$2;

AICPA Professional Standards, Volume 2, as of May 2012 December 2012, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from American Institute of Certified Public Accountants, 1211 Avenue of Americas, New York, NY 10036. Cost: Member ~~\$389~~ \$135/Non-Member ~~\$486.25 a set~~ \$168.75.

Cross-Reference: Conduct of review -- Requirements, § 20:75:07:09.

20:75:07:08. Conduct of review -- Location. The peer review must be conducted at the office location of the firm under review unless the board gives prior approval for the review to be conducted at another location. A firm that does not perform audits and had a pass report on its preceding review may have a review conducted at a location other than its office. However, the firm must have a review conducted at its office location once every third three-year cycle. A firm that performs audits of historical financial statements, agreed-upon procedures under the **Statements on Standards for Attestation Engagements**, or examinations of prospective financial statements must have a review conducted at its office location because of the public interest in the quality of such engagements and the importance to the accounting profession of maintaining the quality of those services. Prior approval may be granted for a review to be conducted at a location other than the firm's office for firms conducting audits. In granting approval for a review to be conducted at another location, the board shall consider firm size and makeup, the number and types of engagements, distances involved, and prior review.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

Reference: AICPA Professional Standards, Volume 1, AT Section May ~~2012~~

December 2012, American Institute of Certified Public Accountants. Copies may be viewed at

the board's office or obtained from the American Institute of Certified Public Accountants, 1211
Avenue of the Americas, New York, NY 10036. Cost: Member ~~\$389~~ \$135/Non-Member
~~\$481.25 a set~~ \$168.75.



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

April 15, 2013

To: Board of Accountancy Executive Directors and Board of Accountancy Chairs

Re: AICPA Ethics Codification

We are writing to inform you of a significant change in the AICPA Code of Professional Conduct that may be of interest to you. Many states refer directly to the AICPA Code of Professional Conduct in their state ethics rules. Some Boards of Accountancy refer to the AICPA Code of Professional Conduct as of a specific date. Some Boards of Accountancy have their own ethics rules that mirror the existing AICPA Code of Professional Conduct to one degree or another.

On April 15, 2013 the AICPA will issue an Exposure Draft for a restructured Codification of the Code of Professional Conduct. The purpose of the codification project was to make the AICPA Code of Professional Conduct more intuitive and user friendly. The look and feel of the Code of Professional Conduct will be substantially changed, with a section related to members in public practice, a section related to members in business, and a section related to other members. However, the substance of the new Codification of the Code of Professional Conduct is largely unchanged. Further, a section of the Exposure Draft will highlight all substantive changes in the Codification of the Code of Professional Conduct. If you're current Board rules related to ethical conduct mirror the current AICPA Code of Professional Conduct, the change of form of the AICPA code may be of particular interest to you. You can find a link to download the Exposure Draft of the AICPA Codification at <http://www.aicpa.org/InterestAreas/ProfessionalEthics/Community/Pages/aicpa-ethics-codification-project.aspx>.

The Codification of the Code of Professional Conduct will also fully incorporate a "threats and safeguards approach," similar to the existing conceptual framework for independence, that applies when no specific guidance addresses a particular relationship or circumstance. This approach has been supported by the International Ethics Standards Board of Accountants, the American Institute of CPAs, and the U.S. Government Accountability Office. Since rules cannot address every possible circumstance, a member would be in violation of a respective rule if the member could not demonstrate that safeguards were applied which eliminated or reduced significant threats to an acceptable level. However, the threats and safeguards approach cannot be used to override existing requirements of the Code of Professional Conduct.

NASBA's Ethics Committee welcomes your thoughts and comments on the Exposure Draft of the AICPA Codification of the Code of Professional Conduct. The NASBA Ethics Committee will be preparing a comment letter on the exposure draft in late June 2013, and it welcomes your input. The Chair of the NASBA Ethics Committee is Ray Johnson (johnsonr@pdx.edu) and the Committee's staff liaison is Ed Barnicott (ebarnicott@nasba.org). Please feel free to share your comments on the exposure draft with either or both of them, along with any comments on how you think the Codification of the Code of Professional Conduct may affect your State Board. Also feel free to comment directly to the AICPA on the Exposure Draft.

We thank you in advance for your thoughts and input.

Sincerely,

A handwritten signature in black ink that reads "Gaylen R. Hansen".

Gaylen R. Hansen, CPA
NASBA Chair

A handwritten signature in black ink that reads "Ken L. Bishop".

Ken L. Bishop
NASBA President and CEO

RANDALL A. ROSS, CPA
EXECUTIVE DIRECTOR



MARY FALLIN
GOVERNOR

**STATE OF OKLAHOMA
OKLAHOMA ACCOUNTANCY BOARD**

April 26, 2013

Mr. Mark P. Harris, CPA
Chair, NASBA Nominating Committee
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417

Re: Oklahoma Accountancy Board Nomination of Janice L. Gray, CPA, for NASBA Director
at Large for 2013-2014

Dear Mr. Harris and Members of the Nominating Committee:

At its meeting on April 26, 2013, the Oklahoma Accountancy Board voted unanimously to support Mrs. Janice L. Gray, CPA, for the position of NASBA Director at Large for 2013-2014.

A proven leader, Mrs. Gray is dedicated to the advancement of the accounting profession, participating in numerous local, state and national professional organizations. She currently presides as Chair of the NASBA Compliance as Assurance Committee as well as having been elected to serve as Southwest Regional Director for the third year.

Janice served a three year term as the regulator representative on the AICPA Peer Review Board and served a two year term as an inaugural member of the Board of Examiners State Board Committee. Recently Janice was appointed to serve as the NASBA representative on the Accounting and Review Services Committee of the AICPA.

Please accept this letter as the Oklahoma Accountancy Board's nomination of Mrs. Janice L. Gray, CPA, for the position of NASBA Director at Large for 2013-2014. We appreciate the opportunity to provide this recommendation and respectfully submit it for your consideration.

Sincerely,

Executive Director

cc: Mr. Ken L. Bishop, NASBA President & Chief Executive Officer
Members, Oklahoma Accountancy Board
State Boards of Accountancy

Janice L. Gray, CPA, CVA, CFF
Norman, Oklahoma 73069

Janice is currently the managing member of Gray, Blodgett & Company, PLLC, a local firm in Norman, Oklahoma, where she has been employed since 1981. Ms. Gray also holds the CVA certification from the National Association of Certified Valuation Analysts and the AICPA designation of Certified Financial Forensics.

Education

High School Diploma – 1967 – Eufaula, Oklahoma

Bachelor of Science – 1977 East Central University, Ada, Oklahoma

Professional Experience

1989 - Present - Gray, Blodgett & Company, PLLC, Norman, OK,
Managing Partner since 1998

1981–1989 - Various firm names all with the same firm – Audit Partner from 1983

1978–1981 - Chief Financial Officer, Pre-paid Legal Services, a Public Company
1978 - - Staff Accountant, Horne & Co., Certified Public Accountants, Ada, OK

National Association of State Boards of Accountancy Experience

Participation in NASBA has included attending regional and annual meetings during the past nine years. Janice was elected to serve as the Southwest Regional Director for the past two years and for the current year.

Committee service has included serving on the Compliance Assurance Committee and serving as chair for the current and previous two years. Current committee service also includes the Relations with Member Boards Committee. Previous committee services include NASBA's Education Committee and the Regulatory Response Committee.

Serving as chairman of the Compliance Assurance Committee Janice has led in the continuing development of Peer Review Oversight Committees for NASBA members. Included in committee responsibilities has been traveling to several jurisdictions to make presentations of information regarding the peer review process and why PROC's are important to educate members of accountancy boards.

Janice served a three year term as the regulator representative on the AICPA Peer Review Board and served a two year term as an inaugural member of the Board of Examiners State Board Committee. Recently Janice was appointed to

serve as the NASBA representative on the Accounting and Review Services Committee of the AICPA.

Oklahoma Accountancy Board Service

Appointed by the Governor in 2003 and 2008, Janice has held all of the leadership positions on the Board and has served on all of the committees of the Board in her 9 1/2 year tenure. She served two terms as the chairman.

During her last term as chair, she led the Board through the process of replacing its long term executive director.

She has been very active in the legislative and rules process during her service on the board. Janice was very involved in the process of writing rules on Peer Review requirements, legislation on mobility, and changes in CPE rules.

Oklahoma Society of CPAs

Janice served on the Board of Directors of the Oklahoma Society of Certified Public Accountant's (OSCPA). She served as a member of the Peer Review Committee for eleven years and served as chair of one of the three report acceptance committees for five years; chair of the Technology Committee for two years; a member of the Nominating Committee, the OSCPAs Strategic Planning Committee, and the Accounting and Auditing committee.

Janice also served a term on the OSCPAs PAC.

Lectures on issues related to Peer Review.

American Institute of CPAs

Janice is currently serving on two task forces with the AICPA Peer Review Board – the Communications Task force and the Quality Control Materials Task Force.

She previously served on the AICPA Board of Examiners State Board Committee, two three-year terms on the AICPA Peer Review Board (one term as the regulator representative) and on the AICPA Private Companies Practice Section Technical Issues Committee which provides direct input to the Financial Accounting Standards Board and Governmental Accounting Standards Board on behalf of local and regional accounting practices.

Community Service

Several local non-profit organizations have benefited from her experience both as a member and officer. She serves on the local Chamber of Commerce Economic Development Sooner Centurions Committee. Janice has also served as a member of the budget and finance committee for her church.

Awards

Ms. Gray was the 2000 and 2006 Distinguished CPA for the Norman Chapter of the OSCP.

In 2003 the Oklahoma Society of CPAs inducted Janice into the Oklahoma Accounting Hall of Fame.

In 2010 she was nominated for the Athena Award in Norman Oklahoma.

Personal

Married since 1978 to Rodney Gray (who is also a CPA and in the OSCP Oklahoma Accounting Hall of Fame as of 2011), they have three children, eight grandchildren and one very special great grandchild.



IDAHO STATE BOARD OF ACCOUNTANCY

3101 W MAIN ST STE 210

BOISE ID 83702

Phone: (208) 334-2490

Web Site: www.isba.idaho.gov

PO BOX 83720

BOISE ID 83720-0002

Fax: (208) 334-2615

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

RE: Idaho Board of Accountancy Nomination of Janice L. Gray, CPA, NASBA Director at Large 2013-2014

Dear Mr. Harris and Members of the Nominating Committee,

At a meeting of the Idaho Board of Accountancy on April 25, 2013, the Idaho Board voted unanimously to support Janice L. Gray, CPA, for the position of NASBA Director at Large for the 2013-2014 year.

Janice Gray has been an active participant in a wide variety of organizations ranging from the national to the local level which is a tremendous testament to her passion for the profession and her community. She continues to have extensive involvement with NASBA, the Oklahoma Board of Accountancy, the Oklahoma Society of CPAs, and the AICPA.

The Idaho Board of Accountancy is very confident in Janice Gray's ability to be a voice and leader for the diversified boards of accountancies within NASBA.

Please accept this letter as the Idaho Board of Accountancy's nomination of Janice L. Gray, CPA, for the position of NASBA Director of Large for 2013-2014. We thank you for the opportunity to provide this recommendation for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "K. A. Absec", with a horizontal line extending to the right.

Kent A. Absec
Executive Director

Cc: Idaho Board of Accountancy Members
State Boards of Accountancy

Mississippi State Board of Public Accountancy

WILLIE B. SIMS, JR., CPA - Hattiesburg
Chair

JIM E. BURKES, CPA - Jackson
Vice Chair

RICK ELAM, CPA - Oxford
Secretary



DAVID E. CLARKE, CPA - Greenville

DAVID L. MILLER, CPA - Tupelo

ANGELA L. FANNELL, CPA - Starkville

MARK P. PEACH, CPA - Jackson

(601) 354-7320
Fax 354-7290

6 Old River Place, Suite 104
Jackson, Mississippi 39202-3449

SUSAN M. HARRIS, CPA
Executive Director

www.msmbpa.ms.gov
email@msmbpa.ms.gov

April 26, 2013

Mark Harris
Chairman, Nominating Committee
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417

Re: Support of Nomination - Janice L. Gray, CPA, for
NASBA Director-at-Large

Dear Mr. Harris:

The Mississippi State Board of Public Accountancy provides this letter as its full and unanimous support of the nomination of Janice L. Gray for the position of NASBA Director-at-Large.

Ms. Gray has done an excellent job in representing the NASBA Southwest Region and our Board believes that she should definitely continue in that function. Janice has demonstrated enthusiasm, knowledge, credibility, and empathy toward all state Boards. Her continued service is a valuable and irreplaceable asset to NASBA and the Boards it represents.

The Mississippi Board appreciates the opportunity to support Ms. Janice Gray's nomination for the Director-at-Large position and is confident she will continue to provide the leadership to inspire NASBA and the regulation of public accountancy.

On Behalf of the Board,

A handwritten signature in dark ink, appearing to read "Willie B. Sims, Jr.", with a stylized flourish at the end.

Willie B. Sims, Jr.
Board Chair



NEVADA STATE BOARD OF ACCOUNTANCY

1325 Airmotive Way, Suite 220
Reno NV 89502
(775) 786-0231 (Phone)
(775) 786-0234 (FAX)
cpa@nvaccountancy.com (email)

April 29, 2013

Mark P. Harris, CPA
Nominating Committee Chair
NASBA
150 Fourth Avenue North
Suite 700
Nashville TN 37219

Re: Nomination of Harry O. Parsons, CPA for Director at Large

Dear Mr. Harris and Members of the Nominating Committee:

The Nevada State Board of Accountancy would like to nominate and support Harry O. Parsons, CPA for a second term to NASBA's Director at Large position.

Mr. Parsons has served the Nevada State Board of Accountancy in many capacities since his first appointment from 2001 - 2007 and re-appointment in 2008 to the present. During his tenure with the Board Mr. Parsons served as Secretary-Treasurer in 2004, Board President in 2005 and a second term as Secretary-Treasurer in 2010.

Mr. Parsons has served as Director at Large and two terms as Mountain Regional Director. He has a long history of involvement in NASBA through numerous committees that also include current Chair of the Enforcement Resource Committee and Past Chair of the Ethics Committee. In addition to his NASBA involvement Mr. Parsons also served as a member of the Professional Ethics Executive Committee of the AICPA. Mr. Parsons is also involved in a variety of local community organizations.

The Nevada Board has recognized the outstanding work of Mr. Parsons through his professionalism and concern for the issues as they affect the profession as well as the regulators of Certified Public Accountants and feels he has more than demonstrated his capacity to fulfill the Director at Large position.

The members of the Nevada State Board of Accountancy are pleased to nominate and support Mr. Parsons for the position of Director at Large.

On Behalf of the Board,

Viki A. Windfeldt
Executive Director
Nevada State Board of Accountancy

cc: Harry O. Parsons, CPA
State Boards of Accountancy

National Association of State Boards of Accountancy, Inc.

**Meeting of the Board of Directors
January 25, 2013 –Key West, FL**

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 Gaylen Hansen at 9:00 a.m. on Friday, January 25, 2013 at the Marriott Key West Beachside Hotel, in Key West, Florida. Chair Hansen welcomed Donald Aubrey, Nicole Kasin and Douglas Skiles to the Board. The format of this meeting will be changed to focus the Board's attention on critical issues, Mr. Hansen explained. Written committee reports were submitted in the Board's agenda materials and committee issues requiring the Board's input had been placed on the meeting's agenda.

2. Report of Attendance

President Ken Bishop reported the following were present:

Officers

Gaylen R. Hansen, CPA (CO), Chair
Carlos E. Johnson, CPA (OK), Vice Chair
Mark P. Harris, CPA (LA), Past Chair
E. Kent Smoll, CPA (KS), Treasurer, Director-at-Large
Kenneth R. Odom, CPA (AL), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)
Richard Isserman, CPA (NY)
Raymond Johnson, CPA (OR)
Telford A. Lodden, CPA (IA)
Theodore W. Long, Jr., CPA (OH)
Harry O. Parsons, CPA (NV)
Laurie J. Tish, CPA (WA)

Regional Directors

Donald Aubrey, CPA (WA), Pacific
Jim Burkes, CPA (MS), Southeast
Jefferson Chickering, CPA (NH), Northeast
Bucky Glover, CPA (NC), Middle Atlantic
Janice Gray, CPA (OK), Southwest
Douglas Skiles, CPA (WA), Central
Karen F. Turner, CPA (CO), Mountain - Via conference call
Kim Tredinnick, CPA (WI), Great Lakes

Executive Directors' Liaison
Nicole Kasin (SD)

Staff

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

3. Approval of Minutes

NASBA Secretary Odom presented the minutes of the Board's October 2012 meeting. On motion by Mr. Glover, seconded by Mr. Parsons, the minutes were approved as submitted.

4. Election of Board Officers

Mr. Isserman nominated Mr. Odom to be NASBA Secretary and Mr. Tredinnick seconded. The Board unanimously elected Mr. Odom to be NASBA Secretary.

Mr. Odom nominated Mr. Smoll to be NASBA Treasurer and Mr. Isserman seconded. The Board unanimously elected Mr. Smoll to be NASBA Treasurer.

5. Report from the Chair

Chair Hansen handed out copies of NASBA's "Strategic Mission, Vision, Values and Objectives" and told the Board members they must make sure their focus is on the protection of the public and the values espoused in the distributed pamphlet.

NASBA's response letter to the International Ethics Standards Board for Accountants' exposure draft on suspected illegal acts was a letter that required significant involvement of the Regional Directors, as well as the Ethics Committee and the Regulatory Response Committee. The resulting letter is one all can be proud of, Mr. Hansen said. NASBA will continue to talk about how to streamline the vetting process and to better monitor the response cycle, he stated.

As NASBA's representative on the Public Company Accounting Oversight Board's Standing Advisory Group, Mr. Hansen said the PCAOB is going to continue to discuss auditor rotation and will continue to have roundtables on the revised reporting model, though he believes the proposed auditor's analysis is no longer under consideration. PCAOB is planning to have an outreach effort on fraud, including roundtables and a task force, which Mr. Hansen believes NASBA should be involved in. He met with the PCAOB's Steve Harris and they are arranging a meeting of all the PCAOB members with NASBA leadership to discuss how to assist the PCAOB and enhance its effectiveness. No matter what the PCAOB decides, Mr. Hansen believes that Europe will pass legislation that will require auditor rotation and the international accounting firms will have to deal with that.

On December 7 Chair Hansen and Executive Vice President Conrad attended the inaugural meeting of the Private Company Council, as did all of the members of the Financial Accounting Standards Board and Financial Accounting Foundation. Mr. Hansen said this

ongoing activity is off to a good start and NASBA will be closely involved with its progress. Director-at-Large Odom will attend the next PCC meeting in February.

Chair Hansen praised the 2012 Annual Meeting and the International Forum, but admitted he was disappointed in the Forum's attendance.

NASBA and AICPA leaders will meet February 11-12, Chair Hansen said. Topics to be discussed include: definition of "attest" in the Uniform Accountancy Act, the AICPA's financial reporting framework for private companies, compilations and firm mobility.

6. Report of the President

President Bishop said one of the most important things NASBA does to be relevant is to be the collective voice of the State Boards. As a collective voice, the Boards have a lot more power and influence. He reported meetings had been held with the Accountants Coalition, the Center for Audit Quality and the AICPA federal and state legislative teams. President Bishop will also be meeting with Puerto Rico's new Secretary of State. NASBA staff members were in the Virgin Islands to assist the Board in writing legislation and to find key sponsors to move the bill. A meeting with the Center for Public Interest Law is planned to take place in Nashville.

Executive Vice President Conrad reported NASBA representatives had been meeting with the Congressional Accounting Caucus on a regular basis and plan to go to Congress in September to talk about things that NASBA feels important for them to do.

NASBA has done an inventory of all its activities with an international flavor, President Bishop reported. Because of the Uniform CPA Examination's international outreach, candidates are now communicating with NASBA through its Web site. He had a discussion with the Chinese Institute's representatives which provided a deep dive into future relationships. The number of Chinese CPA candidates has shown amazing growth, he observed.

Ms. Conrad travelled to Japan and met with review course providers and candidates there. She reported NASBA received good press coverage from her visit. The NASBA International Evaluation Service (NIES) also held a meeting in Nashville with review course providers which received great feedback, she said.

Vice President -- State Relations Dan Dustin in the past few months has met with the Boards in Indiana, Rhode Island, the Virgin Islands, Ohio, Illinois and Nebraska, and is setting up meetings with the Boards in Puerto Rico, Arizona, District of Columbia, Idaho and Maryland. President Bishop said that almost all of Mr. Dustin's meetings have resulted in deliverables which are enhancing NASBA's services to the State Boards.

The Accountancy Licensee Database now has 40 states on it and inroads have been made with other states. The NIES is serving 23 jurisdictions and the NASBA CPE Sponsor Registry includes over 1900 sponsors, Ms. Conrad reported. She announced an advertising campaign will be launched for the school book developed as one of NASBA's Candidate Performance Data Products.

NASBA has been using outside assessment of its operations, President Bishop reported. The human resources department was the first to undergo this review, resulting in the promotion of Lisa Dampf to interim director. The information technology department is the second to undergo this assessment as consideration is given to changing NASBA's hardware and/or software and whether or not to outsource.

The finance department had an outside consultant come in too, President Bishop said. He wants NASBA's financial reports to be intuitive, so that everyone can easily see where NASBA

is spending money on State Boards. He reported he had received many positive comments about the new reporting formats inaugurated for this Board meeting.

Four examination related contracts are in the process of being amended or extended, Ms. Conrad said. Contract negotiations are going well but the contracts are not signed yet. The IQEX for international professionals is available for two months in a quarter starting in January. Mr. Bishop said consideration is being given to extend the international testing sites for the Uniform CPA Examination into other countries where other accounting certifications are expanding.

Ms. Conrad reported 99 candidates from 33 jurisdictions were affected by a rescoring situation that resulted from multiple correct answers to a multiple choice question in the REG section of the Uniform CPA Examination and a cell in a spreadsheet not working. AICPA has notified all those involved and reimbursed them for unnecessary re-testing and travel expenses. Ms. Kasin said a conference call had quickly been set up with all the executive directors who had candidates involved.

The NASBA Center for the Public Trust is focusing on the development of student chapters, President Bishop reported. There are 14 chapters, with 10 launched in 2012. Discussions are going on for chapters in over 20 additional colleges. A student certification program is also under development with the assistance of Linda Ferrell.

Mr. Bishop is now on the board of the Nashville Downtown Partnership and was asked to be on the board of another association. The staff is involved in assisting several local charities and are giving back to the Nashville community, he said.

7. Report of the Administration and Finance Committee

A&F Committee Chair Smoll directed the Board's attention to the executive summary of the financial report, which showed that NASBA had spent all of its profits for the quarter on activities associated with its mission. An operating budget in excess of \$1 million is expected. He praised the new format of the financial statements for their understandability.

Mr. Smoll reported that he, Vice President and CFO Michael Bryant, A&F Committee member Vicky Petete (OK) and Controller Troy Walker had met with investment adviser Jim Meeks on January 23. The investment committee had been charged with evaluating if the adviser was meeting or exceeding the benchmarks set for him, and they decided to let Mr. Meeks continue on. NASBA is having a great year with its investments, Mr. Smoll concluded.

He pointed out the statement had been changed to show bonuses in the budget.

CFO Bryant said the 990 will be prepared by his department in the March-April time period and will be circulated to the Board before it is filed. He also reported NASBA had received in October its first note payment from PCS, NASBA's formerly owned subsidiary, and a second payment is expected at the end of January.

8. Consideration of AICPA FRF for SME

The AICPA has released an exposure draft on its Financial Reporting Framework for Small- and Medium-Sized Enterprises, Chair Hansen said, and the question is whether or not this is in the public interest. NASBA, AICPA and the Financial Accounting Foundation had co-sponsored the Blue Ribbon Panel that considered private company GAAP. As a result of that panel, the FAF formed the Private Company Council, which NASBA supports. However, it now

appears AICPA is moving forward with a parallel solution of its own. The comment period ends on January 30, 2013. Chair Hansen asked the Board if NASBA should respond to the exposure draft.

Following several hours of discussion, on a motion by Mr. Burkett, seconded by Mr. Lodden the Board agreed unanimously (three members not voting) to the following resolution to be sent to the AICPA including an explanatory letter to be developed by staff:

*We, the NASBA Board of Directors, have reviewed the AICPA Exposure Draft, **Proposed Financial Reporting Framework for Small- and Medium-Sized Entities**, and have significant concerns on behalf of the Boards of Accountancy (BOA) in their mandate to protect the public interest. Based on the BOA authority derived under the Tenth Amendment to the U.S. Constitution, and the Sarbanes-Oxley Act, at our January 25, 2013, regularly scheduled meeting, we unanimously adopted the following Resolution:*

Section 209 of the Sarbanes-Oxley Act recognizes the pivotal role State Boards have in the development, adoption and enforcement of standards, particularly those applicable to the private sector. Indeed, that Section provides in pertinent part:

"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;"

NASBA continues to strongly support the Financial Accounting Foundation's establishment of the Private Company Council (PCC) to improve the process of setting accounting standards for private companies. We believe the AICPA's development and promotion of its Financial Reporting Framework for Small- and Medium-Sized Entities (FRF-SME) will confuse the profession, the public, and regulators.

The PCC needs a reasonable opportunity to develop standards uniquely applicable to private companies that can be authoritative and part of generally accepted accounting principles (GAAP). Therefore, we strongly believe the FRF-SME initiative should be tabled or withdrawn to allow the PCC to achieve its objectives.

The NASBA Board of Directors has therefore authorized its leadership to prepare and submit a letter to the AICPA expressing these concerns and urging the AICPA to either table or withdraw the FRF-SME proposal in order to allow the PCC to do its work to improve the process of setting accounting standards for private companies.

We remain faithfully dedicated to continuously monitor the activities of the PCC, including its accountability to serve the public interest.

9. Action of Uniform Accountancy Act Committee

UAA Committee Chair Ken Odom reported a NASBA/AICPA working group had invested a lot of time in revising the definition of “attest.” He asked a member of the working group, Vice Chair Carlos Johnson, to report on their progress. Mr. Johnson explained a fifth element had been proposed to add to the UAA’s definition of “attest,” which caused a modification of the definition of “report” and of Sections 14(a) and 14(h) (1). The language is being vetted by the joint UAA Committee and it is expected a recommendation will be brought to the April NASBA Board of Directors meeting. A timeline for the introduction of the proposed changes has been developed by Ms. Conrad with AICPA Vice President – State Regulatory and Legislative Affairs Mat Young. The proposed language would also be voted on by the AICPA Board and the AICPA Council would approve the expansion of the definition at their May meeting.

Mr. Odom said the UAA Committee is also working on the foreign firm, whistleblowing, client records and inactive CPA issues.

10. Board Effectiveness and Legislative Support Committee

Committee Chair Burkett reported the Committee is monitoring legislation and prioritizing the issues on which NASBA will spend its resources. The development of a key contact person network is under consideration. Recommendations for the Boards are also under development. Mr. Burkett praised the work of Director of Legislative Affairs John Johnson.

11. Global Strategies Committee

Committee Chair Long reported the Committee recommends discontinuing the international forum for accounting regulators for 2013 and, instead, focusing on having international speakers for NASBA’s meetings, having NASBA’s speakers address international meetings and generally strengthening international relationships. The Committee expects to have a strategy to present to the July Board of Directors’ meeting. The Committee is developing an international activity baseline for NASBA which will reflect what other NASBA committees are doing in this area to help focus the strategy.

12. Report on ARSC

NASBA Compliance Assurance Committee Chair Gray reported she had attended her first AICPA Accounting and Review Services Committee (ARSC) meeting in November. The ARSC talked about disclosure of opinions, legend with or without firm name, independence and doing away with the term “compilation,” as well as other topics. At the ARSC’s January meeting: (1) ARSC directed the task force that is drafting the proposed SSARs to reposition compilations as a non-attest service. (2) They voted to withdraw the association/compilation exposure draft. (3) ARSC is considering requiring an engagement letter signed by management that would state exactly what service the CPA will provide, i.e. preparing the financial statement and/or compiling it. The language is still not finalized. (4) ARSC is also considering a requirement for management to agree to include a legend on the financial statements indicating that the statements were not audited or reviewed and no CPA was involved. (5) The report on a compilation should look totally different from the report written for an audit or review. (6)

There should be a separate exposure draft that would cover pro forma information and prospective financial statements. The plan is to have an exposure draft ready for approval by the May ARSC meeting, to be followed by a 120-day exposure period concluding at the end of September. Ms. Gray pointed out that the term “compilation” is used 18 times in 15 sections of the UAA and 12 times in nine sections of the Model Rules.

Mr. Hansen said the ARSC is trying to link up its standards with international standards. The international accountants consider compilations a management service and, consequently, compilations do not hook to independence. They are the client’s financial statements and should be treated that way. He said the ARSC exposure draft will contain serious issues for the State Boards to consider. He will speak to Regulatory Response Committee Chair Isserman and Ethics and Strategic Issues Committee Chair Ray Johnson as the exposure draft is due out in May.

13. Nominating Committee

The Nominating Committee will meet on March 18 to select their nominee for Vice Chair 2013-14, Nominating Committee Chair Harris reported. He encouraged the Boards to send in their nominations for all of the Board positions.

14. Education Research Grant Program

Education Committee Chair Turner, via conference call, reminded the Board that NASBA had committed to an education research grant program and it had worked well for its initial \$25,000, which had been divided between three grants. The Education Committee would like to propose that the grant program’s funds be increased in steps over the next three years so that by the third year \$150,000 would be granted for this research. Dr. Turner said very little grant money is available for business and accounting education research. The IMA has established a new research grant program for up to \$100,000 Dr. Turner noted. She said she believes this is a good way to get NASBA’s name noticed by the academic community and to continue to build its relationship with the American Accounting Association.

CFO Bryant said that \$25,000 had been budgeted and final payments are being made as the research is completed. Any increase would fall into next year’s budget, which the Board will approve at its July meeting. Dr. Turner agreed to speak with Mr. Bryant about what steps staff and the Education Committee need to take to have this request considered during the budgeting process. Dr. Ray Johnson said he would support increasing the amount and suggested that more research on public interest issues would result in better public policy.

15. Committee on Relations with Member Boards

Relations with Member Boards Committee Chair Chickering invited the NASBA Committee chairs to suggest Focus Questions that would assist their committees’ work.

The Committee has selected topics for the Regional Meetings’ breakout sessions and has determined a panel format will be used to present the summaries of the Regional Breakout sessions, Mr. Chickering said. A session for those not affiliated with State Boards will be planned, but the content has yet to be determined. In addition the script for the “Not Quite Masterpiece Theater” orientation script is to be revised, Mr. Chickering said.

16. Vetting Process

Chair Hansen outlined how the NASBA response process is being reviewed and improved to involve leadership, the appropriate committees and the Regional Directors. To avoid last minute crunches, the responses will be tracked using project management techniques. President Bishop pointed out that he and Chair Hansen have to sign the letters, so they may see fatal flaws that were overlooked earlier in the response development process. However, he believes it is necessary to put some clarity around the vetting process, he said.

Regulatory Response Committee Chair Isserman said the NASBA response process involves three groups: the committees that draft the response, leadership and the Regional Directors. If there is a veto, then the response does not get issued. That needs to be worked out so that it is clear to an outsider, he recommended.

Dr. Ray Johnson suggested it would be helpful if the Regional Directors had some kind of paper outlining where the key differences in viewpoints were. President Bishop agreed that language showing majority and minority positions' concerns should be given to the Regional Directors.

Vice Chair Carlos Johnson asked if all letter from NASBA committees need to be signed by the Chair and President. The individual committees do not speak for NASBA, Chair Hansen responded. President Bishop pointed out that routine responses that do not rise to the level of vetting can be quickly signed by the NASBA President and Chair.

Southeast Regional Director Burkes said he was encouraged by the discussion of the vetting process that had been held over the last couple of days.

17. New Business

Chair Hansen called for discussion of how the Board's resolution about the Framework would be distributed. It will be placed on the NASBA Web site and sent to all the State Boards, as well as *Accounting Today*. The topic should be discussed at the Regional Meetings and could become the focus of a special conference, the Board members suggested.

The next meeting of the Board will be on April 19, 2013 in Rancho Palos Verdes, CA, and Chair Hansen reminded the Board members to make their reservations.

18. Adjournment

The meeting was adjourned at 4:14 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting April 19, 2013 – Rancho Palos Verdes, CA

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc, held on Friday, April 19, 2013 at the Terranea Resort, in Rancho Palos Verdes, CA, the Board took the following actions:

- Resolved, after discussing public protection implications surrounding the lack of authoritative standards for “other comprehensive bases of accounting” (OCBOA) reporting, to reach out to the Boards of Accountancy to share such concerns. The Board further resolved to develop Model Rule guidance, through appropriate channels, which would be provided to Boards of Accountancy for consideration. Such Model Rules would provide structure for the Boards’ oversight of non-authoritative OCBOA for reporting purposes.
- Heard from Nominating Committee Chair Mark P. Harris (LA) that Walter A. Davenport (NC) had been selected as their nominee for NASBA Vice Chair (2013-2014), to accede to Chair (2014-2015). The Board voiced its lack of support for a possible Bylaws change that would have added limitations on who could serve on the Nominating Committee.
- Congratulated David A. Vaudt (IA), NASBA Chair 2003-4, on his being named chair of the Government Accounting Standards Board (GASB).
- Received a report from Chair Gaylen Hansen (CO) on the February leadership summit meeting with the American Institute of CPAs. Topics discussed during that meeting included: proposed changes to the Uniform Accountancy Act related to the definition of “attest” and firm mobility, the consideration of compilation services becoming non-attest services, and reporting standards for private companies. He praised the Executive Directors Committee and legal counsel for their excellent conferences in March.
- Heard plans from Chair Hansen to establish a new committee on relationships with State CPA Societies and a task force on standard setting.
- Approved, effective May 1, 2013, the appointment of Ronald E. Nielsen (IA) as Vice Chair of the Examination Review Board, to accede to Chair the next year, and of Douglas E. Warren (TN) as an ERB member, to replace David Vaudt upon his resignation to become GASB chair.
- Learned from President Ken Bishop that NASBA leadership will be meeting with the Public Company Accounting Oversight Board on May 1, 2013 in Washington, D.C. He also announced that NASBA is projecting an additional \$100,000 of revenues this year, and expects to have a \$1.9 million operating excess, without including the amount that is earned from investments. President Bishop described improvements being implemented in NASBA’s information technology, human resources and finance operations.

- Were informed by Treasurer and Director-at-Large E. Kent Smoll (KS) that the Administration and Finance Committee's Investment Committee had met with investment adviser James K. Meek of Graystone Consulting, who reported a 12.6 percent return on long-term investments for calendar year 2012 compared to a 11.5 percent portfolio benchmark. Chief Financial Officer and Senior Vice President Michael Bryant pointed out that NASBA projects spending of \$5.3 million on mission-focused activities this fiscal year, up from \$4.8 million spent last year.
- Approved the filing of Federal Form 990, which had been provided by the NASBA Finance Department to the members of the Board of Directors for review.
- Heard from Chief Operating Officer and Executive Vice President Colleen Conrad that there are currently 43 jurisdictions fully participating in the Accountancy Licensee Database with additional states working to achieve full participation. She also reported there are now in excess of 1,900 sponsors on the NASBA CPE Sponsor Registry, including the AICPA, multiple state CPA societies, and many major corporations. A CPE conference has been scheduled for September 9-10, 2013 in Houston, TX. In addition, 27 states have already agreed to use the NASBA International Evaluation Service, with another 11 in the pipeline, Ms. Conrad reported.
- Approved the granting of three education research grants, subject to legal review, as presented by Education Committee Chair Karen Turner (CO).
- Learned from Enforcement Resource Committee Chair Harry Parsons (NV) that the Investigator Resource Pool and the Expert Witness Pool are to become available soon to the State Board's executive directors. In addition, an investigator training program is being placed on www.nasba.org.
- Received an alert from Ethics Committee Chair Raymond Johnson (OR) that the recodification of the AICPA Code of Professional Conduct has been exposed for comment and should be considered by all State Boards. The Ethics Committee is preparing a NASBA response to the recodification exposure draft.
- Heard a summary of NASBA's Client Services Business Unit's activities from Patricia Hartman, NASBA Director of Client Services, including CPA Examination Services, National Candidate Database, Licensing, Candidate Care and Accommodations. Self-scheduling for Uniform CPA Examination candidates has recently been introduced, Ms. Hartman reported. Because of winter storms, as well as the closing of the testing centers in Boston because of the bombings, many candidates are rescheduling for retesting.

The next NASBA Board meeting is scheduled for July 26, 2013 in Park City, UT.

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

Executive Summary
February 7, 2013 – April 8, 2013
Regional Directors' Focus Question Responses
40 State Boards Responding

1. What has your Board done to ensure a high percentage of CPE compliance?

Among responses - Perform annual, monthly and/or periodic random audits for CPE compliance at license renewal and otherwise; Impose fines, suspension, or other sanctions or discipline if fail to pass audit.

2. Should NASBA urge universities to put a CPA track in their programs, one offering specific classes focused on subject areas needed to pass the Uniform CPA Examination? Is there an outstanding model in your state?

(a) Among responses - Could provide universities with information, but curriculum development should be left up to universities (AZ, CA, LA, MT, NV); Good idea (AK, AR, ID, IN, GU, KY, PA, PR, TX).

(b) Yes – 8.

3. One state has considered requiring a forensic accountant to have a private investigator's license. Has your state established/considered a similar requirement?

Yes – 1.

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

Among responses - State senator introduced legislation to prohibit CPAs and PAs from performing engagements on contingency fee basis related to court claims (AL); Changing experience requirement – NE, NV; Added new regulation requiring criminal background check for all licensees who have not previously submitted fingerprints as a condition of licensure, or for whom no electronic record of licensee's fingerprints exists within the California Department of Justice's criminal offender record identification database; WI legislature has established a "Right the Rules" initiative; FL legislation introduced to enact peer review requirement for firms engaged in practice of public accounting; IL educational requirements will change on July 1, 2013.

5. Are there any ways in which NASBA can assist your Board at the present time?

Among responses - Be prepared to assist State Boards who are targeted for consolidation (AL). Prepare summary of the re-codification of the AICPA Code of Conduct, and provide comparison of Code of Conduct with Hawaii Board's laws and rules to assist Board in determining whether Code of Conduct should be adopted in its entirety or otherwise (HI); NASBA staff could assist Board in their presentation when they visit college campuses (NH); Help us learn how other state licensing authorities address first time misdemeanor offenses for alcohol or drug abuse (TX).

For details, see Regional Directors' Focus Question Report.

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between February 7, 2013 and April 8, 2013. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Jefferson M. Chickering (NH) – Chair, Committee on Relations with Member Boards
Northeast Regional Director*

Jimmy E. Burkes (MS) – Southeast Regional Director

Donald Aubrey (WA) – Pacific Director

Bucky Glover (NC) – Middle Atlantic Regional Director

Janice L. Gray (OK) – Southwest Regional Director

Douglas W. Skiles (NE) – Central Regional Director

Kim Tredinnick (WI) – Great Lakes Regional Director

Karen Forrest Turner (CO) – Mountain Regional Director

1. What has your Board done to ensure a high percentage of CPE compliance?

Alabama – Annual CPE audits of five percent of our active licensees (active licensees are required to comply with the Board's CPE requirements).

Alaska – During the last renewal (December 2011), the Board did the standard audit of 10%. The Board wanted to check compliance with the Alaska specific ethics requirement, so we asked that 100% of active licensees send verification of the Alaska ethics course that they took. The Board is still reviewing and following up on cases where it appears that the licensee was in non-compliance. Non-compliance will typically result in a consent agreement requiring a fine and mandatory audit for future renewals.

Arizona – In July 2012, the Board released an on line renewal which is required to be used by registrants whether or not they pay on line via credit card or print and mail in payment by check. The automated system checks that the registrant not only meets the 80 hour biennial CPE requirement but further checks that the registrant has the proper number of hours by subject and method. The following is an example of how the on line analyzes and ensures compliance with the CPE requirements. If the registrant does not meet these requirements, they cannot submit their renewal without requesting a CPE extension or exemption for good cause which is evaluated by the Board.

Only CPE marked as completed is reported (not marked as incomplete).

Completed CPE = 86

Total CPE Hours = 86

Method Codes	
CP	- Correspondence Programs
CW	- Classroom or Live/Interactive Webinars
LL	- CPE Lecturer or Discussion Leader
P	- Publishing Books/Articles
Subject Codes	
A	- Accounting or Auditing
T	- Taxation
M	- Management Advisory Services
B	- Business Law
E	- Ethics
O	- Other
IC	- Introductory computer-related course

You are required to keep all documentation for three years following this registration.

Use this on-line form only; other spreadsheets and formats are not acceptable

Summary of CPE Hours		
Actual	Required	
22	>= 16	CW min. 16 hours A.A.C. R4-1-453(D)(5)
0	<= 40	LL max. 40 hours A.A.C. R4-1-453(B)(4)
0	<= 40	LL or P max. 40 hours A.A.C. R4-1-453(B)(6)
0	<= 20	P max. 20 hours A.A.C. R4-1-453(B)(5)
74	>= 16	A or T min. 16 hours
77	>= 40	A, T, M or B min. 50% total CPE hours
0	<= 20	IC max. 20 hours
4	>= 4	E min. 4 hours, includes 1 hr. each of AICPA Professional Code of Conduct and AZ Laws/Rules A.A.C. R4-1-453(D)(6)

Additionally, the Board has a CPE committee which does 15 audits each month which requires that registrants provide their certificates of completion and course outlines. Any CPA that does not pass an audit is suspended for failure to meet CPE requirements.

Arkansas – We conduct CPE audits on an annual basis. Fines are levied on those who are determined to be out of compliance with our CPE rules. Compliance percent has improved dramatically over recent years.

California – To ensure a high percentage of compliance, at the time of license renewal, licensees must provide a detailed list of all continuing education (CE) courses completed in fulfillment of the license renewal requirements. Staff then performs a 100 percent review of the application to ensure licensees complete all required CE in the appropriate subject areas. Licensees found to be deficient are subsequently required to rectify any deficiency and provide proof of compliance. Additionally, the California Board of Accountancy employs a CE Audit program that requires a random group of licensees, per month, to submit documentation (generally certificates of completion) that they have satisfied the CE requirements for license renewal.

Colorado – The Colorado Board continues to conduct audits after each renewal period. We conduct the audits ourselves which helps us see where there may be issues.

Delaware – We conduct a certain number of random audits and targeted audits for those with previous compliance issues.

Florida – The Florida Board of Accountancy conducts an annual CPE compliance audit.

Guam – Audited 100% of CPE submissions for 2012 renewals.

Hawaii – A post-renewal random audit that requires submittal of original certificates of CPE completion to validate the number of CPE hours claimed on the renewal. If there is no compliance – no response to audit notification; insufficient evidence of required CPE hours – the licensee is referred to the Board's enforcement division for investigation and sanction.

Idaho – Online reporting has been very effective as the licensees are able to enter their courses throughout the year making it less labor intensive at the end of the year. We also send out communications through newsletters and in November we send out a reminder in the form of a postcard to the licensees. Our CPE coordinator then tracks the submission of the CPE reports and will send out reminders via email in both mid and late January to those who have not submitted a report. It is also important to note that our CPE coordinator and committee have helped with compliance because of their past rulings and communication to licensees in regards to what they will accept and what they won't.

Indiana – The Board audited the highest percentage by law (9.9%). The penalties were increased (up to \$5,000 fine) and communication regarding CPE compliance has improved (newsletters, mass e-mails, website).

Iowa – In 2009, 30% of the Licensees were audited; 2010, 40% of the licensees were audited; and 2011, the Board audited 30% of the CPAs in Iowa with 100% compliance. Due to the extremely high number of audits the previous three years and with no disciplinary issues the previous year, the Board did not perform any audits in 2012. We will most likely start performing CPE audits again this year on a smaller scale throughout the year.

Kansas – Increased the percentage of audits, and over time the word has gotten out that the Board actually disciplines people for not complying with the CPE requirements.

Kentucky – We audit 25% of the licenses that are renewed each year. Those with deficiencies must double the amount of hours they are not able to verify with a completion document and pay either a \$250 or \$500 fine. The \$250 fine is for those unable to verify 10 hours or less and the \$500 is for those unable to verify 11 hours or more.

Louisiana – Board staff performs a desk review of every CPE reporting form. After the end of the CPE reporting period Board staff select a statistical sampling of all CPE forms for a CPE audit – those selected must provide acceptable evidence of completion of all CPE courses. The Board has also adopted a standardized policy for granting extensions for those who have failed to timely complete the CPE requirements – the policy includes execution of Consent Orders with assessment of fines for failure to timely complete CPE when appropriate.

Mississippi – The Mississippi Board requires CPAs to report (list) all CPE earned during a reporting period. The Board also monitors 100% of all CPE reports and performs annual audits on a sample of reporting forms.

Montana – The Board simplified the CPE process and increased the amount of licensees audited for compliance. We included the ability to take action against licensees who do not meet requirements.

Nebraska – We require all active CPAs to submit CPE using our on-line program. We audit a percentage of submissions. We work closely with the Nebraska Society on courses, attendance, etc.

Nevada – The Board requires that licensees provide a listing of the CPE hours completed within the required calendar year. This includes the name of the course, sponsor, amount of CPE and date completed. This makes it more difficult for someone to falsify or accidentally mark a box indicating compliance. The Board also audits 20% of the licensee population each year. This would cause someone to be audited more frequently.

New Hampshire – The Board's on-line renewal will not allow license renewals to be processed without the correct CPE. In addition, the staff reviews all renewals for the correct CPE before processing the renewal. If the CPE is incorrect the licensee is contacted for clarification. Audits of licensee CPE compliance are conducted annually. Licensees that fail to comply are subject to disciplinary action pursuant to RSA 309-B:10.

New Jersey – Conducted audits each tri-licensure period.

New Mexico – A report of all CPE completed must be submitted with each renewal application. A random audit is conducted of 15 percent of the individuals who renew their licenses each month. If a person is found not to be in compliance, an enforcement case is opened, and the person is fined between \$250 and \$1,000. This information is reported in the Board's quarterly newsletter.

New York – CPE compliance is performed through monthly random audits. On every triennial registration renewal, the licensee is asked to attest that they met the CPE requirements. If the licensee indicates that s/he has not met the CPE requirements, then their registration is held until they meet the CPE requirements. If a licensee has not met the requirement and demonstrates willful non-compliance, they are referred to the Office of Professional Discipline (OPD). Additionally, if a licensee fails to respond to the audit notification letter after two attempts (60 days), they are referred to OPD for potential misconduct.

North Dakota – We examine every form as received. We later require verification for a small sample. Our forms require the CPA provide details of the courses taken, rather than a simple assurance they have complied with regulations.

Ohio – The Board has implemented CPE verification of hours by randomly selecting 20% of licensee renewals from the prior reporting period. Additionally, the Board conducts audits of all licensees with a prior disciplinary history involving CPE verification and for those licensees seeking reinstatement of their credentials. A large percentage of our licensees have been asked to verify their CPE hours.

Oklahoma – The Oklahoma Accountancy Board has a CPE coordinator that performs audits of reported CPE. In addition, we are building into our system additional verification checks and compliance queries to identify registrants that may not be in compliance. We are pursuing the possibility of requiring registrants to upload their certificates on-line at the time that they register annually.

Oregon – In the 2012 renewal cycle proofs of completion were audited at 100% - but this did not prove practical, and the Board is now returning to a post-renewal audit process to ensure compliance.

Pennsylvania – The Board conducts a CPE audit after every renewal. Notices are placed on the Board's website indicating CPE requirements. Licensees who fail the CPE audit are subject to fine and discipline.

Puerto Rico – The Puerto Rico Board audits 100% of CPE at renewal time.

Rhode Island – Information reviewed as evidence to support compliance by the Board.

South Dakota – On the renewal forms we require full disclosure of course name, provider, date, location and hours. Then annually we audit up to 15% of our licensees' CPE. If a licensee fails the audit, appropriate disciplinary action is taken.

Tennessee – We audit 10% of our active renewing CPAs every year. In addition, we stress the CPE requirements in our state specific ethics presentations. We also audit all Board members and professional staff.

Texas – Licensees are able to report CPE to the Board online as they complete CPE courses. This information is entered into the Board's database which allows a licensee to track the courses they have reported and the number of hours needed for compliance. Upon receipt of payment of their license fee but prior to license issuance the CPE courses the licensee reported are audited for compliance with the rules.

In addition, in the Board's publication *Texas Board Report* and on the Board's Web site, is listed the names of the sponsors the Board has approved as being qualified to provide CPE to licensees.

Virgin Islands – The Board does not have a policy in place that ensures a high percentage of CPE compliance. The Board currently does not require CPE for licensure. This provision will be put in place as a part of new legislation currently in draft form.

Virginia – The Board has increased its effort to make our licensees familiar with CPE requirements through several means: (1) April 2011 launched a new website. (2) Fall 2011 began sending out two e-newsletters per year. First e-newsletter focused on CPE requirements. (3) Publish statistics on our website and in the e-newsletter regarding enforcement/compliance issues. (4) All new licensees must certify that they have read and understand the Board's CPE requirements before we issue the license. (5) All licensees must certify they have met our CPE requirements when they renew their license on an annual basis.

Washington –

1. CPE on Ethics and Regulation in Washington State (4 hours) is subject to 100% audit for applicants for renewed credentials (+/- 5,000 annually on the average over the 3-year cycle);

2. All applicants for renewal/reinstatement who had deficiencies in the prior cycle are subject to CPE audit in their succeeding renewal cycle to ensure that the prior deficiencies that were carried back to the prior CPE reporting period are not double counted in the applicants subsequent reporting period;

This CPE documentation audit also applies to those individuals who self-report CPE deficiencies during the renewal registration period January 1 through June 30 and complete the CPE by June 30 of the renewal year; and

3. Additionally, approximately 40-50 other random CPE audits are conducted annually.

Wisconsin – Wisconsin does not have any CPE requirements for licensure. This does not imply that CPAs in Wisconsin do not get CPE as the vast majority of firms are covered under Peer Review which does have a CPE requirement, but it is not monitored by the state. In addition, the Wisconsin Institute of CPAs does have CPE as a membership requirement. The WICPA membership is around 8,000 out of the 12,000 licensed CPAs in the state. The WICPA does select a random sample of members annually to test compliance with their CPE requirements.

2. Should NASBA urge universities to put a CPA track in their programs, one offering specific classes focused on subject areas needed to pass the Uniform CPA Examination? Is there an outstanding model in your state?

Alabama – No objection to NASBA pursuing this idea but most Alabama Universities already have the necessary curriculum in place to accomplish this but may not specifically call their programs a CPA track.

Alaska – There is not currently a ‘CPA track’ for exam candidates in the Alaska university system, but it makes sense to offer a track within the program that would prepare students to sit for the exam.

Arizona – I think that NASBA can provide information about the exam to universities to provide educational and informational value but what the university does with the information as it relates to their curriculum should be left up to the universities.

Arkansas – This is a good idea. We are not aware of one model, though several Arkansas Universities have made sure their accounting curriculum align with our education rules so that they are eligible for the exam upon graduation.

California – The California Board of Accountancy has not considered this issue. There are; however, numerous review courses available to individuals that focus exclusively on providing instruction for passing the Uniform CPA Exam. With these in place, faculty at the various colleges/universities should be tasked to develop curriculum based on the needs of the students and institution.

Colorado – The Board believes there are advantages and disadvantages to having a CPA track. On the one hand, the CPA track would provide clarity to students who wish to pursue that track.

On the other hand, if the student changes his/her mind about pursuing a CPA license/career, would that specific path impact his/her ability to earn a different degree in another discipline?

Delaware – No, students need be well rounded. Some of our universities/colleges definitely slant the curriculum towards the exam but they do not offer a specific track.

Florida – The majority of the public colleges/universities in Florida offering accounting degrees provide information on their website regarding Florida's requirements for examination and licensure. Florida State University's website is a good example. Historically, the Board of Accountancy has consulted the colleges/universities prior to seeking statutory and/or rule changes in education requirements. Also, to maintain the proper educational qualifications for examination and licensure, the Florida Board of Accountancy has appointed an Educational Advisory Committee who makes recommendations to the Board.

Guam – Yes, a focus on the education required to pass the CPA exam produces accountants well grounded in all aspects of the profession, whether they intend to take the exam or not. The University of Guam is continually working to improve its accounting degree offering.

Hawaii – No. The Board believes that the curriculum for an accounting baccalaureate should be sufficient to prepare students to sit for the examination. There may have been an exam prep course offered by some local colleges/universities during the summer session; however, the course was not offered for credit toward a degree. There is no outstanding model of such a course in Hawaii.

Idaho – If there is something that can be done in the way of coursework that not just helps a candidate with exam preparation but also helps to make them a better CPA, it should be looked at. There is not an outstanding model in our state, however, one Idaho institution at one time had a program put together that was effective in relation to candidate passing rates. Unfortunately, that program is no longer in existence.

Indiana – We are not familiar with any in Indiana, but certainly not a bad idea to look into.

Kansas – We have no position on this matter other than some universities offer exam review courses for college credit; however, we do not allow those courses to qualify for any of the required courses to sit for the exam as a Kansas candidate.

Kentucky – The Board believes that NASBA should discuss with universities implementing a CPA track in their programs. However the members are also aware of the need to consider a number of factors when deciding to implement a track such as funding and other resources that could limit or prohibit the adoption of a CPA track.

The outstanding model in Kentucky is the masters program operated by the University of Kentucky. Over the years students enrolled in the program have obtained a very high pass rate on the CPA exam. The school has coordinated with Becker to offer their review classes on campus during the weekends so the students may prepare for the exam sections while they are

enrolled in the masters program. The students also are obtaining credit in accounting and business courses to satisfy the 150 hour requirement.

Louisiana – Model programs developed by NASBA could be offered to universities to choose from. This could work toward more uniformity in university programs, and could assist potential CPA candidates in effectively meeting the educational requirements for the Exam, and better prepare them for the Exam.

Mississippi –The Directors' question seems to imply that the whole purpose of a college degree in accounting is to pass the CPA Examination. A college or university's mission is to prepare people for a life-long career. Passing the Exam is an important step but not nearly the whole of what a college degree is intended to accomplish even for students headed for a career in public accounting.

Having said that, universities are conscious of preparing students for careers as CPAs and specifically to pass the CPA Exam. Most Mississippi universities require their students to take courses covering all the topics on the CPA Exam not because they are on the Exam but because the topics are generic to being an accountant. They do offer an optional CPA Review course (at extra cost) as part of their curriculum.

Montana – This is left to the curriculum committees of the universities.

Nebraska – We have a model in Nebraska whereby the universities pre-approve courses to fit our 150 hour specificity requirements.

Nevada – The Board believes this should be left up to the universities to indicate if additional courses are needed within their programs. Additional oversight of the college system would be difficult. Boards should be the entity that requires the specific course work for licensure and/or the examination.

New Hampshire – No, not in New Hampshire.

New Jersey – Yes, but not to the detriment of full curriculum. None in New Jersey.

New Mexico – The New Mexico Board has not rendered an opinion in this matter; however, there are no such models currently in existence at any of the colleges or universities in New Mexico.

New York – The Education Committee of the Public Accountancy Board provided input as well as other members of the Board to this question. The responses were both in favor and not in favor of a CPA track. Those in favor noted that the schools are rated on the pass rates of the exam. Board members that were not in favor of a CPA review course expressed concern that schools should not teach to the exam because the profession is more than just the exam.

CPA review courses that are offered by a university are considered to meet the 36-semester hours of business requirement for the applicant's license. Currently, New York does not accept CPA review courses as an accounting course to meet the 33 hours of accounting

credits for licensure. If the CPA review course is shown as semester hour-credits on a student's regionally accredited university's transcript, it will be accepted to meet the 150-hour requirement.

North Dakota – This seems to be a role for the associations, vs. the regulation community.

Ohio – Schools should provide instruction to their students that will prepare them to be successful in the practice of accounting. The objective of an accounting program is to educate. Those skills would be more comprehensive than instructing solely on items that would allow the candidate to pass the CPA exam. Any recommendations made by NASBA should be consistent with standards set by the Association to Advance Collegiate Schools of Business (AACSB).

Many Ohio universities have a Master of Accountancy Program. Other Ohio universities have a defined path to meet the 150-hour requirement. All of these Ohio programs provide the foundation to be successful in the accounting profession.

The Accountancy Board of Ohio provides scholarships to students who qualify to assist in completion of the additional hours. The Board also provides grant assistance to the OSCPA minority student awareness program.

Oklahoma – We believe that such programs would enhance the preparedness of candidates and improve the knowledge of new CPA's entering the profession. Oklahoma State University and the University of Central Oklahoma have both implemented a course or courses which amount to a CPA review class. These classes are popular and are equivalent to a Becker review course. There has been at least some feedback that these courses are being embraced by students and resulting in more first time passes for those taking the class.

Oregon – There is no outstanding model for this in Oregon. The Oregon Board in the past has discussed this and has not been in favor of a CPA track. It also has become clear as part of work on this survey that this is not a consensus position. At least two Oregon Board members at this time disagree, and think we should identify and require specific courses, including ethics, not allow credit for sophomore accounting classes, and that we should provide guidance for courses for the fifth year.

Pennsylvania – The Board Chair believes this is a good idea. We are not aware of any such programs in Pennsylvania.

Puerto Rico – Yes, and it would help students to identify without problem what classes to attend. There is no outstanding model in Puerto Rico that we know of.

Rhode Island – There is no program in place. Rhode Island is not there as of yet.

South Dakota – This should not be pursued at this time. We do not have a model for this in our state.

Tennessee – No, we think the universities design their accounting programs to assist their students in passing the CPA exam. They want their students to pass as much as we do, so we

don't think an additional requirement at this level would be beneficial. The Owen School of Management at Vanderbilt University has designed a graduate program tailored specifically for those students who wish to study for and pass the CPA Exam.

Texas – Universities should be offering an array of courses in accountancy that prepare their students for a quality public practice. In order to help the universities know what the quality courses are, the state regulatory authorities, through NASBA, can provide leadership. NASBA can offer the state regulatory authority perspective.

Universities, through NASBA's urging, should be encouraged to develop accountancy schools, similar to the medical schools and law schools we currently have throughout the U.S. At two of the large public universities in Texas, students can earn an MPA degree – Master's in Professional Accountancy, a BBA/MPA – integrated MPA degree which is a 5-year program, or an MS – Accountancy. Most of the major public institutions in the U.S. offer an integrated approach to the accounting program where students earn a bachelor's and master's degree concurrently. With the expansion of the accounting profession – tax, assurance, consulting, international, etc., there exists a need for the development of an independent accountancy school at key universities in the U.S.

Virgin Islands – Yes, NASBA should urge universities to put a CPA track in their programs. There is not an outstanding model in our state, however our state would greatly benefit.

Virginia – *Note: The following response to this question was provided by the Virginia Board's "educator" member:*

The short answer to this question is, "Yes." The longer answer follows:

In my opinion, the only legitimate purpose of an undergraduate accounting program at a four-year degree granting institution is to prepare graduates to participate in the profession at the highest possible level. This would, by necessity, include certification as a CPA.

Accounting offers a wide variety of job and career opportunities. Some jobs and positions require little more than a high school education, some an associate's degree, some a four-year degree and some certification. Given the investment of time and money in obtaining a four-year degree plus the additional investment of time and money to successfully become certified, the expected return should be commensurate.

If NASBA were to "urge universities" in a particular direction with respect to their curriculum, they would be taking a public position that some institutions may not be following and to which they may be resistant. Prior to taking a position, NASBA should attempt to justify their position with sound empirical research. I would hypothesize that there is a marked difference between accounting college graduates who obtain the CPA and those that do not and the level of responsibility they shoulder, the salaries they earn and the upward potential they enjoy; and I would expect this difference to exist at every level post-graduation. Prior to taking a public position, NASBA should determine if there is prior research of this nature. If not, they should consider conducting that research.

I am not sufficiently familiar with NASBA to know if they have a history of conducting this type of research, but I feel confident that they have access not only to competent researchers (certainly Virginia is not the only State Board with a Ph.D. member) but an extensive host of state databases that would provide for such research.

Note: At this time, the VBOA is not aware if a Virginia college or university has a CPA track in their curriculum program.

Washington – The Executive Director believes strongly that the emphasis at the college/university level should not be solely focused on successful exam completion. However, college and university curricula should be developed and programs modified to accommodate different tracks of desired career pursuits after receiving a one semester course (Not two semesters of Principles of Accounting) to promote basic understanding of:

- The accounting (bookkeeping) framework;
- The purposes and structure (formats) of the several financial statement presentations;
- Rudimentary understanding on how to read financial statements and the accompanying footnotes; and
- Rudimentary understanding of why an internal control structure is important, e.g. division of duties, vacation mandates for key accounting personnel, protection of key employees from allegations of embezzlement, detecting theft or embezzlement, etc.

Subsequent to that Introduction, the Executive Director believes that career educational tracks should be designed for those desiring to achieve recognition as a CPA and those desiring to pursue careers in accounting other than in the practice of Public Accounting. St. Martin's University in Lacey, Washington is currently evaluating such an approach.

Wisconsin – No opinion on this issue. According to the Board Chair, most universities in the state indicate they do not “teach to the exam.” Universities should teach to the requirements of the profession, not to the CPA Exam. University curricula should be such that individuals qualify to write the CPA Exam.

3. One state has considered requiring a forensic accountant to have a private investigator's license. Has your state established/considered a similar requirement?

Alabama – No. This type of requirement appears to be overkill.

Alaska – No, this has not been discussed by the Alaska Board.

Arizona – This issue has not come up in Arizona.

Arkansas – No, this sounds like an agency overreaching their authority/areas of focus.

California – The California Board of Accountancy does not specifically license forensic accountants and has not considered a similar requirement of requiring them to have a private investigator's license. Anyone holding out to the public as an “accountant” in California needs to be licensed as a CPA or add a disclaimer stating that they are not licensed by the California Board of Accountancy.

Colorado – No. It does not expect to. As the program director who also oversees the voluntary private investigator program, CPAs are exempt from needing that license type.

Delaware – See existing requirements per Delaware Code Section 1319.

Florida – This issue has not been addressed by the Florida Board.

Guam – No.

Hawaii – No.

Idaho – We have not had discussions around this area.

Indiana – No, this matter has not been discussed by the Board.

Iowa – No, we have not considered this. While a forensic accountant has not been a Board necessity for a while, the requirements to also maintain a private investigator's license would be cost prohibitive for our Board's depth of reviewers and individuals we would rely upon for such a service.

Kansas – No.

Kentucky – No. There is a specific provision in the Kentucky law that regulates private investigators that exempts CPAs from having to obtain an investigators license if they are performing duties within the scope of the practice of public accounting.

Louisiana – No.

Mississippi – No, Mississippi does not have such a requirement.

Montana – The Montana Board of Public Accountants does not, and the Private Investigator Board is not contemplating such a requirement at this time.

Nebraska – No – not that we are aware of. Investigators must be licensed by the Secretary of State.

Nevada – The Board does not believe this would be within its jurisdiction and has not considered the topic.

New Hampshire – The Board has a Board member recuse to assist the Attorney General's office with practice issues on an as needed basis.

New Jersey – No consideration – not accessing police data base.

New Mexico – The New Mexico Board has not considered such a requirement for forensic accountants.

New York – We are not aware of this type of requirement in New York nor are we aware of any planned considerations in the near future.

North Dakota – No.

Ohio – We do not have any specific regulations over forensic accountants and are not considering any at this time.

Oklahoma – Oklahoma has not considered this type of requirement.

Oregon – Oregon has a pretty broad requirement to have investigators not employed by the state to be licensed as private investigators. There has not been a specific move in Oregon to require licensure as investigators for forensic accountants. There has been brief discussion with the Board to seek an exemption in the future from licensure requirements for CPA contract investigators for the Board. The Board is not in compliance.

Pennsylvania – Pennsylvania does not have a similar requirement and has not considered such a requirement.

Puerto Rico – No.

Rhode Island – The Board has not considered.

South Dakota – No. Private investigators are not licensed in South Dakota.

Tennessee – Tennessee has considered it and, we believe, abandoned it.

Texas – No.

Virgin Islands – Our state has not considered or established such a requirement.

Virginia – At this time, the Virginia statutes exempt a CPA and their employees, so long as they are licensed as a CPA to practice in Virginia. However, if the “forensic accountant” is not a CPA licensed in Virginia, they would be required to register as a private investigator and be employed by a licensed private security service business. The Virginia Society is looking at this legislation to determine if changes need to be suggested.

Washington – See *Uniform Regulation of Professions and Businesses Act, 18.235 RCW*.

CPAs are excluded by the exclusive structure of 18.235 RCW. CPAs, accordingly, are governed by the state’s Public Accountancy Act (the ACT). Board rules refer to standards established by

the AICPA and by implication of the definition in Washington of the Practice of Public Accounting would include forensic accounting.

Under the Act, a CPA should not undertake a professional service for which she/he is not competent. Furthermore, the AICPA includes Forensic Accounting within the definition of the practice of Public Accounting covered by the Standards for Litigation Support Services.

In Washington State, although not required, a CPA may apply for a PI license if that individual so chooses to be governed by two regulatory statutes and enforcement agencies.

Wisconsin – We are not aware of any such requirements. At a meeting with state personnel on April 8th, the Board Chair asked about Wisconsin's requirements in this regard, and they provided some information for review. We are not aware of any current requirements or plans to change any current requirements. We are currently looking into requirements in states where we perform these types of activities.

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

Alabama – A state senator has introduced legislation to prohibit CPAs and PAs from performing engagements on a contingency fee basis related to court claims. The legislation appears to be retaliatory legislation by the Alabama's trial lawyers for CPAs work on BP Oil Spill claims.

Alaska – The current legislation session is set to end 4/10/13; legislation regarding biometrics was introduced 2/27/13 (advance copy had been distributed to the Board).

Arizona – The Board has a bill at the legislature this session to update and clarify its statutes. The Board is also working on updating its rules as well.

Arkansas – We currently have legislation pending that has passed the House of Representatives and should pass through the Senate very soon. These bills would raise the stipends we can pay board members, remove outdated language in our statutes, increase the maximum fines that can be assessed, clarify the authority and personal liability of Board members, and add Agreed Upon Procedures to our Quality Review Program.

California – California's version of mobility goes into effect July 1, 2013. Additionally, effective January 1, 2014, there will be a 150 semester unit requirement to obtain CPA licensure. Also, the California Board of Accountancy added a new regulation requiring criminal background checks for all licensees who have not previously submitted fingerprints as a condition of licensure, or for whom no electronic record of the licensee's fingerprints exists within the California Department of Justice's criminal offender record identification database. This background check is a condition of license renewal after December 31, 2013, and the California Board of Accountancy sees this requirement as an important added element for the protection of consumers.

Colorado – The Board adopted rules on March 20th with an effective date of July 1, 2013. Outreach will be an important next step giving the various changes we expect to implement once the rules are effective.

Delaware – Review of accountancy law for updating/possible revisions to improve understandability.

Florida – Currently Florida does not have a peer review requirement for licensure. Legislation was introduced in the current session to enact a peer review requirement for certain firms engaged in the practice of public accounting.

Guam – Guam is reviewing the legislative changes necessary to implement mobility.

Hawaii – Implementation of the recently-enacted peer review statute through promulgation of administrative rules.

Illinois – Educational requirements will change on July 1, 2013 requiring candidates to complete at least 30 hours of accounting and include two hours of accounting research and analysis. Business hour requirements will remain at 24 hours, but will include two hours of business communications and three hours of business ethics.

Indiana – Our Peer Review Oversight Committee (PROC) has begun forwarding failed reports to the Office of the Attorney General (OAG) for possible disciplinary action.

Iowa – The staff has been diligently working on revising all of our forms. This will reduce the amount of information requested, specifically for firms. Our forms will include only that which the Board reasonably needs. The Board's rules allow reserving the right to obtain additional information as warranted.

Louisiana – The Board has adopted standardized policies to ensure compliance with CPE requirements, and policies and rule changes to ensure that CPA firms are timely completing their Peer Reviews. The Board is also considering policies to address those firms that receive two consecutive failed Peer Reviews. The Board continued its recognition of “substantially equivalent” states by determining Delaware and Puerto Rico to be substantially equivalent in their requirements (Delaware November 13, 2012; Puerto Rico July 1, 2013). In November 2012 the Board held its first Board Meeting offsite, at Dillard University in New Orleans. The meeting included an outreach to accounting students and presentations by Board Members, the AICPA, and the Society of Louisiana CPAs, concerning opportunities and benefits of pursuing a career as a CPA. The Board has established committees to consider changes to rules concerning CPE requirements and firm names. The Board is exploring ways that would allow licensees to report CPE electronically, instead of by paper reporting form. Licensees have been able to annually renew their license online since 2009.

Mississippi – The Mississippi Board is in the process of procuring a new database and management information system.

Montana – The Montana Society of CPAs is attempting to gain Board independence from the Department of Labor. The Board is seeking single tier licensing. Transition from the Board administered Professional Monitoring Program to a mandatory peer review.

Nebraska – LB 27 was signed into law to expand the experience requirement to include work in private, government and academia. The new requirements are two years' experience in an accounting firm and three years under an active CPA in the other areas. Our Quality Enhancement Program is moving toward a peer review program. Our physical office location will be moved in 2013.

Nevada – The Board is proposing a major change to their experience requirements by removing the attestation requirement. The issue was raised by possible legislation that would require less than 1 year experience. In an effort to avoid the legislation the bill was pulled with the guarantee that the concerns would be addressed through regulations. Public hearings are being scheduled to listen to testimony in connection with the proposed experience change.

New Hampshire – The Board is updating some administrative rules regarding educational requirements that take effect in 2014.

New Jersey – CPE compliance, audits, peer review requirements. How to stop unlicensed practice.

New Mexico – Two new board members (one CPA, one public member) were appointed by the Governor, and their terms began January 1, 2013. The incumbent Executive Director will retire from State government on March 31, 2013. Her replacement will be hired by the Regulation and Licensing Department.

North Dakota – We are reconsidering our plans to digitize all licensee forms. We have developed a mobile version of our website and it was rather easy to do!

Oklahoma – The emphasis on consolidation of agencies is also encompassing hearings to justify the need for a state board of accountancy and whether it could be replaced by a private entity. Boards should be aware of the national effort to require boards to explain why they are a core service of the State.

Oregon – We are moving toward integration with ALD and CPAverify over the next few months, and are seeking permission to add a second investigator position to the Board. The Board's current CPA investigator will be retiring within the next 12 months so the compliance program will be undergoing a significant transition with new staff, and plans for improving and upgrading that function.

Pennsylvania – Pennsylvania has pending Legislation that would eliminate the “attest” requirement for those obtaining experience or their CPA Certification. Legislation passed that included the addition of the CPE requirement for four (4) hours in “ethics” courses.

Puerto Rico – The Puerto Rico Board, State Society, NASBA and AICPA are working together in order to propose legislation toward mobility.

Rhode Island – Moving to electronic system (e-filing/licensing). Resources have been constrained.

South Dakota – Our legislation (SB63) was passed during the 2013 session and we are currently working on the rules to have full implementation effective July 1, 2013.

Tennessee – Tennessee is currently under Sunset and is due to expire on June 30, 2013 unless legislation is passed this session which extends the Board. Legislation has been introduced to extend the Board of Accountancy until June 30, 2016.

Texas – (1) The Texas Board has approved a Succession Plan for the position of the Executive Director which can be made available to other state boards of accountancy.

(2) The TSBPA’s Self-Directed Semi-Independent (SDSI) status is undergoing Sunset Review in the current session of the Texas Legislature.

(3) An ad hoc committee was established to develop an online exam on the Board’s *Rules of Professional Conduct* which must be passed by CPA candidates prior to becoming a CPA. Presently, the TSBPA is using a paper/pencil formatted exam. The new online format will develop new questions.

(4) The Board has completed a major revision to its Business Continuity Plan. The plan is now based on an off-site data center where all computer servers can be restored and functioning within 48 hours of the declaration of a disaster. A high speed data line is used to duplicate data at the off-site data center.

(5) The TSBPA has enhanced and simplified systems which support the registration of individual licensees. A note-worthy event was the assignment of certificate number 100,000.

Virgin Islands – Our state is much closer to (1) becoming a part of ALD (2) with legislation drafted, becoming substantially equivalent.

Virginia – The VBOA will be issuing a RFP within the next several months for a new database/licensing system.

Washington –

- a. Newly Elected Governor;
- b. Five (5) Board members and the Executive Director seeking re-appointment;
- c. Recently discovered deficient verifications by foreign verifying organization;
- d. Evaluating the need for and qualifications of multiple foreign credit evaluation services;

- e. The Board is developing a process to evaluate the performance of the Executive Director on an annual basis. The results are intended to be submitted to the Governor who appoints the Executive Director.
- f. The Washington Society of CPAs is opposing proposed legislation to require the licensing of CPA firms to become subject to a requirement for all Washington State businesses (CPA Firms) to either license (*or obtain licensing information*) through a Central Master Licensing Service hosted by the state's Department of Revenue. The Executive Director is working with the WSCPA on the matter. John Johnson, NASBA's Director of Legislative Affairs has been informed but no assistance is necessary. However, it appears that legislation will pass with an acceptable amendment reducing the impact to the Board's licensing system the revised legislation.

Wisconsin – We are having significant turnover on our State Board. The previous administration did not monitor term limits, and this has caused a number of terminations of Board members by the current administration where their positions have not yet been filled. This included two members plus our Board chair, out of seven total members, in the last six months. In addition, our vice chair is moving out of the state before June 30, which will leave only three continuing Board members. In addition, I believe one public member's term may also be up in June, which would leave us with only two continuing members out of seven. Of those members, no one has more than three years of experience on the Board. Finally, our Board exec was terminated in February and we have a new temporary Board exec.

In addition, our state legislature has established a "Right the Rules" initiative to review all 1,800 sets of Rules for the State of Wisconsin. The acting chair of the Accounting Examining Board testified before the Wisconsin Assembly Committee on Ways and Means on April 4th, regarding the Wisconsin Statutes and Rules related to the practice of public accounting in Wisconsin. As a result of that meeting, the Board Chair believes that a project will be assigned to the Board and staff to complete a detailed review of its rules and statutes and present an opportunity to get some significant changes in the statutes and rules, and the opportunity to implement current changes in the Uniform Accountancy Act.

5. Are there any ways in which NASBA can assist your Board at the present time?

Alabama – Be prepared to assist Alabama and other State Boards who find themselves the target for consolidation with other agencies in their state.

California – Over the past several years, California has taken several steps to ease California licensees' ability to more seamlessly practice nationally, while also taking steps to ease out-of-state licensees' ability to practice in California. Most notably, in 2009, California passed legislation that eliminated one of its pathways to licensure and expand the educational requirements of its remaining pathway to ensure that California maintained its National Association of State Boards of Accountancy's (NASBA) designation as a "substantially equivalent" state. Additionally, last year, California significantly amended its practice privilege provisions to bring them more in line with those found nationally.

While California has taken these important steps, which were strongly endorsed by NASBA, it appears there continue to exist various nuances from state-to-state the licensees must be mindful of. As it relates to California licensees seeking to practice in other states, it has become increasingly evident that not all states view California as substantially equivalent, even though it is appears on NASBA's list of substantially equivalent states. Given NASBA's continued efforts to push for mobility coupled with California's efforts in this arena, the California Board of Accountancy requests that NASBA provide additional information on why California CPAs continue to experience increased barriers when seeking to practice in other jurisdictions.

Additionally, as reported to NASBA in prior Focus Questions submissions, effective January 1, 2014, the California Board of Accountancy will transition to a 150 semester unit requirement as the sole pathway to CPA licensure. The California Board of Accountancy has been actively spreading the message about this transition, including establishing a webpage specific to the new educational requirements and conducting various seminars and Facebook events. The California Board of Accountancy recognizes that many of the licensees that eventually apply for initial licensure in California have obtained all or part of their education outside of California. With NASBA's ability to spread a message nationally, the California Board of Accountancy would appreciate any outreach that NASBA could provide informing various students and faculty at out-of-state colleges/universities about the impending changes and directing these individuals to the California Board of Accountancy website.

Colorado – NASBA can assist this Board with auditing CPE compliance. This Board supports and encourages NASBA to reach out to other agencies who discipline CPAs, such as the GAO to report directly to Boards of Accountancy.

Delaware – Details on breakdown of State Board membership, i.e., number of CPAs, number of Pas, number of public members.

Guam – Promotion of Chinese exam candidates to test in the Guam computer Testing Center.

Hawaii – Would NASBA be able to prepare a summary of the re-codification of the AICPA Code of Conduct, and provide a comparison of the Code of Conduct with the Hawaii Board's laws and rules? This would greatly assist the Board in determining whether the Code of Conduct should be adopted in its entirety or otherwise.

Idaho – The Executive Director would be interested in hearing what NASBA's thoughts are around CPA listings in telephone directories. We are experiencing more and more licensees being included in directory lists with actual licensees as these directories are not using as many categories as they once did. For example, directories in the past seemed to have a listing for those under "Accounting – General" and then "Accountants – Public" but now we have seen combinations of these put together (i.e. "Accountants – Public & General") or the latest book in the Boise area, had all accountants under "Accountants – Certified Public." To muddy the waters when we have reached out to individuals who are listed under the "Accountants – Certified Public" listings to have them Cease & Desist, we are hearing from them that they knew nothing of it and did not authorize their business to be listed as such. Our limited research has

also found that listings are sold, taken or borrowed from other directories and more times than not, beyond the individuals' control. We are curious to see if other jurisdictions are facing similar situations and frustrations.

Illinois – NASBA is currently assisting the Illinois Board of Accountancy in the coordination of our move to the campus of Northern Illinois University.

Iowa – We are still researching and discussing the succession planning for CPAs. We thank you for the input to date.

Nebraska – Backend data assistance -- can NASBA assist in hosting a web-based system to store or backup board data?

New Hampshire – NASBA staff could assist the Board in their presentation when they visit college campuses.

New Jersey – National CPE tracker and audit program; public relations.

New York – The New York State Board for Public Accountancy is interested in additional information for the creation of a newsletter.

Ohio – We are working with the OSCP to determine if our October 31 peer review and the firm's license renewal date are causing any hardships for firms that have their peer review year and renewal of firm license year occurring in the same year. We would be interested in the dates used by other states and issues raised by these alternative dates.

Oregon – At the administrative level, priorities will be the integration with ALD and CPAverify, as well as using NASBA resources for development of a Board newsletter.

Puerto Rico – Yes, we need a newsletter to communicate with the public.

Rhode Island – Resources as a national level supporting local jurisdiction.

Texas – NASBA can help us learn how other state licensing authorities address first time misdemeanor offenses for alcohol or drug abuse. When do other states resort to disciplinary action for a criminal conviction or deferred adjudication? When are they referred to a rehabilitation program and under what circumstances is no action taken?

Virgin Islands – NASBA has been and continues to be a great help to the board as we push forward with legislation to become substantially equivalent and the development of rules. We do however require assistance in having the local exam administered in the Virgin Islands, timely receipt of test scores (possible electronically), and more importantly ensuring a smooth implementation of the new legislation.

Wisconsin – Attempts to put ALD in place are not yet over. At our last meeting we received significant pushback from the state on implementation. We now have a contact person to meet

with and hope to set up a meeting in the next six weeks. We will be looking for assistance from NASBA to convince the state to implement ALD.

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: DE, VI, WI
 - ☐ Input only from Executive Director: AZ, IL, IN, IA, ND, NM
 - ☐ Input only from Board Chair and Executive Director: AK, AR, LA, PA, TX
 - ☐ Input from all Board Members and Executive Director: AL, CA, GU, KY, MS, NE, NV, OK, OR, SD, TN
 - ☐ Input from some Board Members and Executive Director: FL, HI, ID, KS, MT, NH, NJ, OH, VA, WA
 - ☐ Input from all Board Members: CO, PR, RI
 - ☐ Input from some Board Members
 - ☐ Input from Board Chair, Executive Director and some Board Members: NY
- Other (please explain):

April 29, 2013