



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

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Sioux Falls, SD 57104
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www.accountancy.sd.gov

Agenda
South Dakota Board of Accountancy Meeting
Conference Call
9:00 a.m. (CT)
June 20, 2017

A=Action
D=Discussion
I=Information

A-Approval of Minutes of Meeting April 25, 2017.....	2-3
A-Approval of Certificates & Firm Permits.....	4-5
A-Approval of Financial Statements through April 2017.....	6-15
D-Executive Director's Report.....	16
AICPA	
D-Proposed Evolution of Peer Review Administration, revised January 2017.....	17-27
Responses from Wyoming and Nevada.....	28-33
NASBA	
D-Board of Directors January 6, 2017 Meeting Minutes.....	34-41
D-Board of Directors April 21, 2017 Meeting Highlights.....	42-43
D-Focus Questions Executive Summary and Report.....	44-63
D-CPE Model Rules Exposure Draft.....	64-71
D-UAA Use of Titles Exposure Draft.....	72-80
EXECUTIVE SESSION	
Equivalent Reviews, Off-Site Requests and Complaint for Board Approval.....	Spt. Pkt.

FUTURE MEETING DATES (all times CT)

July 21, 2017, 9:00 Conference Call
August 9, 2017, 8:30 Eide Bailly 5th Floor Conference Room, Sioux Falls, SD



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Minutes of Meeting
South Dakota Board of Accountancy
Conference Call
April 25, 2017 - 9:00 a.m. CDT

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

Members Present: Jeff Strand, Deidre Budahl, Jeff Smith, Holly Brunick and David Pummel.

Members Absent: Marty Guindon

Others Present: Nicole Kasin, Executive Director, Julie Iverson, Sr. Secretary, and Graham Oey, Legal Counsel and Department of Labor & Regulation.

Chair Pummel asked if there were any additions to the agenda. The following were added:
Addition to the Certificates

Jeff Strand made a motion to approve the agenda. Deidre Budahl seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

Holly Brunick made a motion to approve the March 24, 2017 meeting minutes. Jeff Smith seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

Deidre Budahl made a motion to approve the issuance of individual certificates and firm permits through April 24, 2017. Jeff Strand seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

Jeff Strand made a motion to approve the financial statements through March 2017. Holly Brunick seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board discussed a request by a CPA to earn CPE for writing a book.

Jeff Strand made a motion to award the CPA 30 hours of CPE for writing a book. Deidre Budahl seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board reviewed the report on the CPA exam grades for the 52nd Window.

Jeff Smith made a motion to approve the CPA exam scores for the 52nd window through March 2017. Deidre Budahl seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-excused; Pummel-yea)

Executive Director Kasin discussed her report with a NASBA update, an update on the new database, and the board's two year audit ending June 30, 2016.

The Board tabled discussion on the AICPA Proposed Evolution of Peer Review Administration and NASBA's CPE Model Rules Exposure Draft.

Jeff Strand made a motion to enter into executive session for the deliberative process for peer reviews. Holly Brunick seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board came out of executive session.

Jeff Strand made a motion to accept the peer reviews as discussed in executive session. Jeff Smith seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

FUTURE MEETING DATES (all times CT)


June 20, 2017 – 9:00 a.m. conference call

July 21, 2017 – 9:00 a.m. conference call

August 9, 2017 - 8:30 a.m. Eide Bailly 5th Floor conference room, Sioux Falls, SD

Holly Brunick made a motion to adjourn the meeting. Deidre Budahl seconded the motion. A roll call vote was taken. Motion Passed. (Strand -yea; Budahl -yea; Smith-yea; Brunick-yea; Pummel-yea)

All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 9:31 a.m.

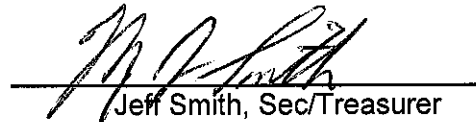


David Pummel, CPA, Chair

Attest:



Nicole Kasin, Executive Director



Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through June 12, 2017

Number	Name	Date Issued	Location
3320	Brett Andrew Rozenboom	04/25/17	Sioux Falls, SD
3321	Mitchell Blake Vanden Berge	05/09/17	Sioux Falls, SD
3322	Megan Jean Keiser	05/10/17	Rapid City, SD
3323	Lauren Marie Unruh	05/16/17	Sioux Falls, SD
3324	Jessy Joy Gochenour	05/22/17	Sioux Falls, SD
3325	Jennifer Kay Shelton	06/05/17	Belleville, KS

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

**Issued Through
June 12, 2017**

Number	Name	Date Issued	Basis/Comments
1690	James Wigdahl, CPA, Prof. LLC Sioux Falls, SD	05/12/17	New Firm
1691	Miranda CPA & Consulting LLC Sioux Falls, SD	05/25/17	New Firm
1692	Carter & Company CPA, LLC Destin, FL	06/05/17	New Firm
1693	Peterson Whitaker & Bjork, LLC Plymouth, MN	6/12/17	Name Change

BAL1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 04/30/2017

PAGE

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	415,668.79	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			415,668.79	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			415,668.79	DR **	
BUDGET UNIT TOTAL 1031			415,668.79	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 04/30/2017

AGENCY BUDGET CENTER-5	UNIT 1031	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL # OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	51010100	6503	PROFESSIONAL & LICENSING BOARDS		CGEX170412	04/14/2017					2,429.80	DR
6503	103100061802	51010200		F-T EMP SAL & WAGES		CGEX170412	04/14/2017					2,429.80	DR
6503	103100061802	51010300		P-T/TEMP EMP SAL & WAGES		CGEX170412	04/14/2017					986.98	DR
6503	103100061802	51010330		BOARD & COMM MBR'S FEES		CGEX170412	04/14/2017					3,716.78	DR
6503	103100061802	51020100		EMPLOYEE SALARIES		CGEX170412	04/14/2017					250.66	DR
6503	103100061802	51020200		OASI-EMPLOYER'S SHARE		CGEX170412	04/14/2017					250.66	DR
6503	103100061802	51020200		RETIREMENT-ER SHARE		CGEX170412	04/14/2017					204.95	DR
6503	103100061802	51020600		HEALTH/LIFE INS.-ER SHARE		CGEX170412	04/14/2017					723.55	DR
6503	103100061802	51020800		WORKER'S COMPENSATION		CGEX170412	04/14/2017					4.08	DR
6503	103100061802	51020900		UNEMPLOYMENT COMPENSATION		CGEX170412	04/14/2017					1.32	DR
6503	103100061802	51020900		EMPLOYEE BENEFITS		CGEX170412	04/14/2017					1,184.56	DR
6503	103100061802	51020900		PERSONAL SERVICES		CGEX170412	04/14/2017					4,901.34	DR
6503	103100061802	52032800		AIR-COMM-OUT-OF-STATE		CGEX170412	04/14/2017					564.60	DR
6503	103100061802	52032800		OTHER-PUBLIC-OUT-OF-STATE		CGEX170412	04/14/2017					72.00	DR
6503	103100061802	52033000		LODGING/OUT-OF-STATE		CGEX170412	04/14/2017					41.00	DR
6503	103100061802	52033000		INCIDENTALS-OUT-OF-STATE		CGEX170412	04/14/2017					113.00	DR
6503	103100061802	52033200		NON-TAXABLE MEALS/OUT-ST		CGEX170412	04/14/2017					766.47	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					1,060.16	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					1,826.63	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					25.00	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					89.00	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					114.00	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					59.00	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					100.00	DR
6503	103100061802	52033500				CGEX170412	04/14/2017					159.00	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 04/30/2017

AGENCY	UNIT	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV APPL OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
10	1031	10	1031	1031								
5203	5203	TRAVEL			16151308	04/05/2017	00401574	THOMSONREU	12119109	02	2,777.23	DR **
103100061802	52040100										297.75	DR
5204010		SUBSCRIPTIONS			1902618-18	04/30/2017	00407313	COUNCILONL	12116359		250.00	DR *
103100061802	52040200										250.00	DR *
5204020		DUES & MEMBERSHIP FEES			DP703101	04/30/2017					175.05	DR *
103100061802	52041800										175.05	DR *
5204180		COMPUTER SERVICES-STATE			PI703054	04/30/2017					124.45	DR
103100061802	52042000				RM703048	04/12/2017					73.92	DR
5204200		CENTRAL SERVICES			IN384982	04/07/2017	00402214	ABBUSINESS	12036980		198.37	DR *
103100061802	52042200										73.91	DR *
5204220		EQUIPMENT SERV & MAINT			17-018 JUL-JUN17	04/30/2017	00407104	SUNSETOFFI	12043890		130.34	DR *
103100061802	52042300										130.34	DR *
5204230		JANITORIAL & MAINT SERV			ACCOUNTRENT2017	04/30/2017	02203014	MCGINNISRO	12074040		1,269.45	DR *
103100061802	52044900										1,269.45	DR *
5204490		RENTS-PRIVATE OWNED PROP.			TL703153	04/30/2017					91.43	DR
103100061802	52045300				8381416X03242017	04/07/2017	00402678	ATTMOBILIT	12279233		56.43	DR
5204530		TELECOMMUNICATIONS SVCS			5159417006 0317	04/05/2017	02199839	XCELENERGY	12023853		147.86	DR *
103100061802	52045400										58.78	DR
5204540		ELECTRICITY			68332 MAR17	04/07/2017	00402206	ECONWATER	12035896		22.35	DR *
103100061802	52045600										22.35	DR *
5204560		WATER			PE703032	04/30/2017					569.50	DR
103100061802	52045900										569.50	DR *
5204590		INS PREMIUMS & SURETY BDS			CI107A-038	04/12/2017	291750				148.55	DR
103100061802	52047400										148.55	DR *
5204740		BANK FEES AND CHARGES			13761391	04/05/2017	00400982	NATLASSNST	12005047		5,704.25	DR *
103100061802	52049600										5,704.25	DR *
5204960		OTHER CONTRACTUAL SERVICE									9,046.16	DR **
103100061802	52053200				21065	04/12/2017	00403420	PREFERREDP	12308425		48.30	DR **
5205320		PRINTING-COMMERCIAL									48.30	DR **
103100061802	52280000										770.29	DR **
5228000		SUPPLIES & MATERIALS			TI07-093	04/12/2017					770.29	DR **

BA0205A5 04/29/2017

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 04/30/2017

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
									770.29	DR *
									770.29	DR **
									12,641.98	DR ***
									17,543.32	DR ****
									17,543.32	DR *****
									17,543.32	DR *****

OBJSUB: 5228000 OPER TRANS OUT -NON BUDGT
OBJECT: 5228 NONOP EXP/NONBGTD OP TR
GROUP: 52 OPERATING EXPENSES
COMP: 6503
CNTR: 103100061802
B. UNIT: 1031

South Dakota Board of Accountancy
Balance Sheet
As of April 30, 2017

	Apr 30, 17
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	2,820.58
1140000 · Pool Cash State of SD	415,668.79
Total Checking/Savings	418,489.37
Other Current Assets	
1131000 · Interest Income Receivable	8,148.45
1213000 · Investment Income Receivable	1,149.12
Total Other Current Assets	9,297.57
Total Current Assets	427,786.94
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
1670000 · Computer Software - Other	15,301.00
Total 1670000 · Computer Software	15,301.00
Total Fixed Assets	15,301.00
TOTAL ASSETS	443,087.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	8,441.71
Total Accounts Payable	8,441.71
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,530.77
2810000 · Amounts Held for Others	29,365.69
Total Other Current Liabilities	36,896.46
Total Current Liabilities	45,338.17
Long Term Liabilities	
2960000 · Compensated Absences Payable	17,470.51
Total Long Term Liabilities	17,470.51
Total Liabilities	62,808.68
Equity	
3220000 · Unrestricted Net Assets	317,825.02
Net Income	62,454.24
Total Equity	380,279.26
TOTAL LIABILITIES & EQUITY	443,087.94

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2016 through April 2017

	Jul '16 - Apr 17	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,575.00	2,800.00	-225.00	92.0%
4293551 · Certificate Renewals-Active	59,630.00	58,000.00	1,630.00	102.8%
4293552 · Certificate Renewals-Inactive	19,700.00	21,000.00	-1,300.00	93.8%
4293553 · Certificate Renewals-Retired	1,200.00	1,000.00	200.00	120.0%
4293554 · Initial Firm Permits	650.00	700.00	-50.00	92.9%
4293555 · Firm Permit Renewals	13,500.00	15,500.00	-2,000.00	87.1%
4293557 · Initial Audit	480.00	900.00	-420.00	53.3%
4293558 · Re-Exam Audit	1,950.00	2,460.00	-510.00	79.3%
4293560 · Late Fees-Initial Certificate	100.00	0.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,750.00	3,000.00	-250.00	91.7%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	400.00	600.00	-200.00	66.7%
4293564 · Late Fees-Peer Review	700.00	1,300.00	-600.00	53.8%
4293566 · Firm Permit Owners				
5208003 · REFUNDS	-20.00			
4293566 · Firm Permit Owners - Other	106,665.00	105,000.00	1,665.00	101.6%
Total 4293566 · Firm Permit Owners	106,645.00	105,000.00	1,645.00	101.6%
4293567 · Peer Review Admin Fee	1,125.00	5,650.00	-4,525.00	19.9%
4293568 · Firm Permit Name Change	225.00	100.00	125.00	225.0%
4293569 · Initial FAR	930.00	1,140.00	-210.00	81.6%
4293570 · Initial REG	690.00	660.00	30.00	104.5%
4293571 · Initial BEC	960.00	930.00	30.00	103.2%
4293572 · Re-Exam FAR	1,710.00	1,860.00	-150.00	91.9%
4293573 · Re-Exam REG	1,950.00	2,310.00	-360.00	84.4%
4293574 · Re-Exam BEC	1,860.00	2,310.00	-450.00	80.5%
4491000 · Interest and Dividend Revenue	5,466.12	4,000.00	1,466.12	136.7%
4896021 · Legal Recovery Cost	1,050.00	1,000.00	50.00	105.0%
Total Income	226,246.12	232,220.00	-5,973.88	97.4%
Gross Profit	226,246.12	232,220.00	-5,973.88	97.4%
Expense				
5101010 · F-T Emp Sal & Wages	49,154.63	76,588.00	-27,433.37	64.2%
5101020 · P-T/Temp Emp Sal & Wages	19,472.36	31,035.00	-11,562.64	62.7%
5101030 · Board & Comm Mbrs Fees	3,660.00	4,683.00	-1,023.00	78.2%
5102010 · OASI-Employer's Share	4,905.16	8,281.00	-3,375.84	59.2%
5102020 · Retirement-ER Share	4,117.54	6,495.00	-2,377.46	63.4%
5102060 · Health /Life Ins.-ER Share	14,584.85	20,968.00	-6,383.15	69.6%
5102080 · Worker's Compensation	82.21	43.00	39.21	191.2%
5102090 · Unemployment Insurance	26.59	108.00	-81.41	24.6%
5203010 · Auto--State Owned	111.55	800.00	-688.45	13.9%
5203020 · Auto-Private-Ownes Low Mileage	364.78	400.00	-35.22	91.2%
5203030 · In State-Auto- Priv. High Miles	881.16	1,500.00	-618.84	58.7%
5203100 · In State-Lodging	564.10	1,000.00	-435.90	56.4%
5203120 · In State-Incidentals to Travel	25.00	100.00	-75.00	25.0%
5203140 · InState-Tax Meals Not OverNigt	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNight	240.00	400.00	-160.00	60.0%
5203230 · OS-Auto Private High Mileage	335.16	100.00	235.16	335.2%
5203260 · OS-Air Commercial Carrier	5,546.88	6,000.00	-453.12	92.4%
5203280 · OS-Other Public Carrier	545.10	500.00	45.10	109.0%
5203300 · OS-Lodging	7,682.90	7,800.00	-117.10	98.5%
5203320 · OS-Incidentals to Travel	443.00	450.00	-7.00	98.4%
5203350 · OS-Non-Taxable Meals Overnight	710.00	1,300.00	-590.00	54.6%
5204010 · Subscriptions	557.58	1,000.00	-442.42	55.8%
5204020 · Dues and Membership Fees	3,450.00	3,900.00	-450.00	88.5%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,100.00	-7,100.00	0.0%
5204050 · Consultant Fees - Computer	0.00	15,000.00	-15,000.00	0.0%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	4,170.00	6,000.00	-1,830.00	69.5%
5204180 · Computer Services-State	3,196.95	6,000.00	-2,803.05	53.3%
5204181 · Computer Development Serv-State	0.00	5,000.00	-5,000.00	0.0%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2016 through April 2017

	Jul '16 - Apr 17	Budget	\$ Over Budget	% of Budget
5204200 · Central Services	5,347.43	9,000.00	-3,652.57	59.4%
5204220 · Equipment Service & Maintenance	30.27	300.00	-269.73	10.1%
5204230 · Janitorial/Maintenance Services	1,303.40	1,600.00	-296.60	81.5%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%
5204460 · Equipment Rental	2,519.00	4,000.00	-1,481.00	63.0%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	12,694.50	15,234.00	-2,539.50	83.3%
5204510 · Rent-Other	318.04	500.00	-181.96	63.6%
5204530 · Telecommunications Services	2,680.58	3,500.00	-819.42	76.6%
5204540 · Electricity	571.02	865.00	-293.98	66.0%
5204560 · Water	89.40	240.00	-150.60	37.3%
5204590 · Insurance Premiums/Surety Bonds	569.50	1,710.00	-1,140.50	33.3%
5204740 · Bank Fees and Charges	4,884.43	6,000.00	-1,115.57	81.4%
5204960 · Other Contractual Services	751.40	0.00	751.40	100.0%
5205020 · Office Supplies	658.82	2,000.00	-1,341.18	32.9%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	200.10	1,000.00	-799.90	20.0%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	1,036.17	2,500.00	-1,463.83	41.4%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	224.13	500.00	-275.87	44.8%
5228000 · Operating Transfers Out-NonBudg	5,075.19	7,400.00	-2,324.81	68.6%
Total Expense	163,791.88	280,000.00	-116,208.12	58.5%
Net Ordinary Income	62,454.24	-47,780.00	110,234.24	-130.7%
Net Income	62,454.24	-47,780.00	110,234.24	-130.7%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
April 2017

	Apr 17	Apr 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	75.00	100.00	-25.00	-25.0%
4293551 · Certificate Renewals-Active	0.00	-10.00	10.00	100.0%
4293557 · Initial Audit	90.00	90.00	0.00	0.0%
4293558 · Re-Exam Audit	120.00	180.00	-60.00	-33.3%
4293567 · Peer Review Admin Fee	150.00	75.00	75.00	100.0%
4293568 · Firm Permit Name Change	0.00	25.00	-25.00	-100.0%
4293569 · Initial FAR	180.00	120.00	60.00	50.0%
4293570 · Initial REG	120.00	150.00	-30.00	-20.0%
4293571 · Inital BEC	90.00	90.00	0.00	0.0%
4293572 · Re-Exam FAR	240.00	150.00	90.00	60.0%
4293573 · Re-Exam REG	120.00	120.00	0.00	0.0%
4293574 · Re-Exam BEC	150.00	150.00	0.00	0.0%
4896021 · Legal Recovery Cost	1,050.00	1,250.00	-200.00	-16.0%
Total Income	2,385.00	2,490.00	-105.00	-4.2%
Gross Profit	2,385.00	2,490.00	-105.00	-4.2%
Expense				
5101010 · F-T Emp Sal & Wages	2,429.80	6,753.26	-4,323.46	-64.0%
5101020 · P-T/Temp Emp Sal & Wages	986.98	2,672.89	-1,685.91	-63.1%
5101030 · Board & Comm Mbrs Fees	300.00	240.00	60.00	25.0%
5102010 · OASI-Employer's Share	250.66	632.65	-381.99	-60.4%
5102020 · Retirement-ER Share	204.95	565.54	-360.59	-63.8%
5102060 · Health /Life Ins.-ER Share	723.55	1,296.15	-572.60	-44.2%
5102080 · Worker's Compensation	4.08	7.45	-3.37	-45.2%
5102090 · Unemployment Insurance	1.32	0.00	1.32	100.0%
5203020 · Auto-Private-Ownes Low Mileage	0.00	20.70	-20.70	-100.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	11.00	-11.00	-100.0%
5203280 · OS-Other Public Carrier	72.00	0.00	72.00	100.0%
5203300 · OS-Lodging	766.47	0.00	766.47	100.0%
5203320 · OS-Incidentals to Travel	25.00	0.00	25.00	100.0%
5203350 · OS-Non-Taxable Meals Overnight	59.00	0.00	59.00	100.0%
5204020 · Dues and Membership Fees	250.00	250.00	0.00	0.0%
5204180 · Computer Services-State	0.00	203.55	-203.55	-100.0%
5204200 · Central Services	198.37	188.85	9.52	5.0%
5204220 · Equipment Service & Maintenance	2.91	1.82	1.09	59.9%
5204230 · Janitorial/Maintenance Services	130.34	126.55	3.79	3.0%
5204460 · Equipment Rental	71.00	71.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	250.51	268.84	-18.33	-6.8%
5204540 · Electricity	60.07	53.42	6.65	12.5%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204590 · Insurance Premiums/Surety Bonds	569.50	646.00	-76.50	-11.8%
5204740 · Bank Fees and Charges	148.55	120.56	27.99	23.2%
5204960 · Other Contractual Services	39.70	0.00	39.70	100.0%
5205020 · Office Supplies	30.43	105.13	-74.70	-71.1%
5205320 · Printing/Duplicating/Binding Co	0.00	44.90	-44.90	-100.0%
5205350 · Postage	0.00	1,000.00	-1,000.00	-100.0%
5228000 · Operating Transfers Out-NonBudg	770.29	329.76	440.53	133.6%
Total Expense	9,614.93	16,901.82	-7,286.89	-43.1%
Net Ordinary Income	-7,229.93	-14,411.82	7,181.89	49.8%
Net Income	-7,229.93	-14,411.82	7,181.89	49.8%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2016 through April 2017

	Jul '16 - Apr 17	Jul '15 - Apr 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,575.00	1,700.00	875.00	51.5%
4293551 · Certificate Renewals-Active	59,630.00	60,200.00	-570.00	-1.0%
4293552 · Certificate Renewals-Inactive	19,700.00	20,100.00	-400.00	-2.0%
4293553 · Certificate Renewals-Retired	1,200.00	1,040.00	160.00	15.4%
4293554 · Initial Firm Permits	650.00	500.00	150.00	30.0%
4293555 · Firm Permit Renewals	13,500.00	13,700.00	-200.00	-1.5%
4293557 · Initial Audit	480.00	750.00	-270.00	-36.0%
4293558 · Re-Exam Audit	1,950.00	1,950.00	0.00	0.0%
4293560 · Late Fees-Initial Certificate	100.00	0.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,750.00	2,950.00	-200.00	-6.8%
4293563 · Late Fees-Firm Permit Renewals	400.00	400.00	0.00	0.0%
4293564 · Late Fees-Peer Review	700.00	400.00	300.00	75.0%
4293566 · Firm Permit Owners	106,645.00	98,405.00	8,240.00	8.4%
4293567 · Peer Review Admin Fee	1,125.00	900.00	225.00	25.0%
4293568 · Firm Permit Name Change	225.00	125.00	100.00	80.0%
4293569 · Initial FAR	930.00	780.00	150.00	19.2%
4293570 · Initial REG	690.00	780.00	-90.00	-11.5%
4293571 · Initial BEC	960.00	600.00	360.00	60.0%
4293572 · Re-Exam FAR	1,710.00	1,470.00	240.00	16.3%
4293573 · Re-Exam REG	1,950.00	1,860.00	90.00	4.8%
4293574 · Re-Exam BEC	1,860.00	1,800.00	60.00	3.3%
4491000 · Interest and Dividend Revenue	5,466.12	4,714.96	751.16	15.9%
4896021 · Legal Recovery Cost	1,050.00	1,450.00	-400.00	-27.6%
Total Income	226,246.12	216,574.96	9,671.16	4.5%
Gross Profit	226,246.12	216,574.96	9,671.16	4.5%
Expense				
5101010 · F-T Emp Sal & Wages	49,154.63	48,438.88	715.75	1.5%
5101020 · P-T/Temp Emp Sal & Wages	19,472.36	20,687.49	-1,215.13	-5.9%
5101030 · Board & Comm Mbrs Fees	3,660.00	3,000.00	660.00	22.0%
5102010 · OASI-Employer's Share	4,905.16	4,876.63	28.53	0.6%
5102020 · Retirement-ER Share	4,117.54	4,129.05	-11.51	-0.3%
5102060 · Health /Life Ins.-ER Share	14,584.85	12,404.34	2,180.51	17.6%
5102080 · Worker's Compensation	82.21	55.13	27.08	49.1%
5102090 · Unemployment Insurance	26.59	23.25	3.34	14.4%
5203010 · Auto--State Owned	111.55	78.65	32.90	41.8%
5203020 · Auto-Private-Ownes Low Mileage	364.78	124.66	240.12	192.6%
5203030 · In State-Auto- Priv. High Miles	881.16	1,108.80	-227.64	-20.5%
5203100 · In State-Lodging	564.10	319.60	244.50	76.5%
5203120 · In State-Incidentals to Travel	25.00	20.00	5.00	25.0%
5203140 · InState-Tax Meals Not Overnigt	11.00	22.00	-11.00	-50.0%
5203150 · InState-Non-Tax Meals OverNight	240.00	268.00	-28.00	-10.5%
5203230 · OS-Auto Private High Mileage	335.16	0.00	335.16	100.0%
5203260 · OS-Air Commercial Carrier	5,546.88	1,727.10	3,819.78	221.2%
5203280 · OS-Other Public Carrier	545.10	208.00	337.10	162.1%
5203300 · OS-Lodging	7,682.90	2,439.00	5,243.90	215.0%
5203320 · OS-Incidentals to Travel	443.00	248.00	195.00	78.6%
5203350 · OS-Non-Taxable Meals Overnight	710.00	356.00	354.00	99.4%
5204010 · Subscriptions	557.58	507.90	49.68	9.8%
5204020 · Dues and Membership Fees	3,450.00	3,450.00	0.00	0.0%
5204050 · Consultant Fees - Computer	0.00	10,607.50	-10,607.50	-100.0%
5204160 · Workshop Registration Fees	4,170.00	2,085.00	2,085.00	100.0%
5204180 · Computer Services-State	3,196.95	2,820.40	376.55	13.4%
5204181 · Computer Development Serv-State	0.00	1,312.85	-1,312.85	-100.0%
5204200 · Central Services	5,347.43	5,067.13	280.30	5.5%
5204220 · Equipment Service & Maintenance	30.27	20.79	9.48	45.6%
5204230 · Janitorial/Maintenance Services	1,303.40	1,265.50	37.90	3.0%
5204340 · Computer Software Maintenance	0.00	614.50	-614.50	-100.0%
5204460 · Equipment Rental	2,519.00	2,519.00	0.00	0.0%
5204490 · Rents Privately Owned Property	12,694.50	12,694.50	0.00	0.0%
5204510 · Rent-Other	318.04	248.80	69.24	27.8%
5204530 · Telecommunications Services	2,680.58	2,975.50	-294.92	-9.9%
5204540 · Electricity	571.02	495.81	75.21	15.2%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2016 through April 2017

	<u>Jul '16 - Apr 17</u>	<u>Jul '15 - Apr 16</u>	<u>\$ Change</u>	<u>% Change</u>
5204560 · Water	89.40	111.75	-22.35	-20.0%
5204590 · Insurance Premiums/Surety Bonds	569.50	646.00	-76.50	-11.8%
5204740 · Bank Fees and Charges	4,884.43	4,559.42	325.01	7.1%
5204960 · Other Contractual Services	751.40	0.00	751.40	100.0%
5205020 · Office Supplies	658.82	890.08	-231.26	-26.0%
5205320 · Printing/Duplicating/Binding Co	200.10	182.90	17.20	9.4%
5205350 · Postage	1,036.17	1,000.00	36.17	3.6%
5207900 · Computer Hardware	0.00	2,783.12	-2,783.12	-100.0%
5207960 · Computer Software Expense	224.13	1,092.60	-868.47	-79.5%
5228000 · Operating Transfers Out-NonBudg	5,075.19	3,387.52	1,687.67	49.8%
Total Expense	<u>163,791.88</u>	<u>161,873.15</u>	<u>1,918.73</u>	<u>1.2%</u>
Net Ordinary Income	<u>62,454.24</u>	<u>54,701.81</u>	<u>7,752.43</u>	<u>14.2%</u>
Net Income	<u><u>62,454.24</u></u>	<u><u>54,701.81</u></u>	<u><u>7,752.43</u></u>	<u><u>14.2%</u></u>

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Exam update

The new CPA exam was launched April 1, 2017. As we have previously discussed the results for the candidates for the 2Q17 window will not be released for 10 weeks after the close of the window. This places the release of AUD, REG and FAR on August 17, 2017 and BEC will be released on August 22, 2017. I have identified up to 6 candidates that may request an extension of their grades that expire in the 3Q17.

Exam Fee increase: Effective for Candidate applications after 1:00 p.m. on July 14, 2017. Prometric will increase their seat time from \$19.85 to \$20.57 per hour and the security fee will increase from \$6.05 to \$6.12 per section. NASBA will increase their Gateway fee from \$18.00 to \$20.00 per section. AICPA will increase their exam grading fee from \$90.00 to \$100.00 per section. Overall increase is \$14.95 per section.

Database update

The board staff is working with GL Solutions to create the database. Calls began at the beginning of September. We are wrapping up the design process and moving into the mapping of data with various processes. After looking at calendars and seeing the work yet to complete along with our renewal process where we limit our time with GL due to staff time commitment, we are setting a goal of testing the database starting in September and then adjusting schedules with results of the testing.

Board Audit

The Board staff is working with the auditors on the two years ending June 30, 2016 audit. The contract was extended to have the audit completed by December 30, 2016.

Board Discussion

- Any New Business/topics?

Proposed Evolution of Peer Review Administration

Revised January 2017

A discussion paper seeking input from state CPA societies and state boards of accountancy

Background

In February 2016, the American Institute of CPAs (AICPA) released a discussion paper to state CPA society (society) CEOs to solicit input on the evolution of peer review administration of the AICPA Peer Review Program (Program), with a companion paper sent to state boards of accountancy (boards) in July. The evolution of peer review administration is part of the AICPA's Enhancing Audit Quality (EAQ) initiative, with the objective to ultimately improve audit performance by increasing consistency, efficiency and effectiveness of Program administration.

The February paper proposed a model for a peer review administering entity (AE) of the future, specifying various criteria, including a required number of AEs, specific staffing requirements/qualifications, structural requirements for Peer Review Committees (Committees) and Report Acceptance Bodies (RABs) and the administration of a minimum of 1,000 peer reviews annually. The model demonstrated one potential way in which the consistency, efficiency and effectiveness in the administration of peer review could be increased, resulting in improved audit performance by practitioners.

The discussion paper and its companion paper to the boards generated significant discussion and response, including formal comment letters from 30 societies and 25 boards. The overwhelming majority of respondents agreed inconsistencies exist among AEs and the administration model needs to change. Most respondents agreed a reduction in the number of AEs would improve consistency.

In addition, stakeholders submitted ideas on how best to achieve the stated objective including several alternatives to the model. A group of society staff leadership and AICPA staff carefully considered these alternatives, and agreed that a model using modified staffing requirements/qualifications and specific performance benchmarks could most effectively achieve the objective. In addition, the Planning Task Force of the AICPA's Peer Review Board (PRB) provided additional input while concurring with the approach as a whole. **Based on this feedback, the model has been revised to eliminate the required number of AEs, the requirement to administer a minimum of 1,000 reviews annually and many of the AE staffing requirements.**

Proposed Benchmark Model

The most common suggestion for the evolution of peer review administration was to allow existing, effective AEs that operate in full accordance with Program Standards and guidance, to continue administering the Program, without consideration given to the number of peer reviews administered, and to discontinue administration by poor performing AEs. Many respondents indicated they believed their AE was operating effectively because they were unaware of any evidence to the contrary. **Accordingly, the model proposed in this paper requires AEs to meet specific benchmarks, diligently monitored by the AICPA, and increases transparency of AE performance.**

Under this model, AEs that choose to continue administering peer reviews must meet specific benchmarks, which include qualitative, objective and measurable criteria. AEs will be evaluated based upon whether they consistently meet these benchmarks. AE performance will be made transparent through new reporting requirements to various stakeholders, such as society CEOs and boards, as appropriate. If this approach is undertaken, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, and may be modified over time due to advances in technology and other factors.

Inconsistencies in administrative processes and report acceptance have been identified by PRB Oversight Task Force (OTF) members and AICPA staff through RAB observations, AE oversight visits and other processes. These inconsistencies, though communicated only to the AE in the past, resulted in peer reviews being administered untimely and with results not in compliance with the Program. The proposed benchmarks have been developed by identifying how to:

- Minimize the inconsistencies
- Increase the probability that individuals with the appropriate knowledge, experience and skepticism perform and give adequate consideration to technical reviews and the RAB process, and
- Optimize the peer review process so firms can meet their licensing requirements efficiently

Two Important Criteria Retained and Modified

Two key criteria from the original proposed model are included, though slightly modified, in this revised proposal related to staffing and Technical Reviewer requirements.

- 1) Staffing: Ultimately, the society CEO is responsible for determining the necessary staffing and hiring appropriately qualified individuals.

Though the primary focus of the proposed model is the achievement of identified benchmarks, each AE will be required to have at least one CPA employed on staff, who is actively engaged, knowledgeable about the Program Standards and administrative requirements and processes, and has the authority and sufficient knowledge to identify and correct inadequate performance of an administrator or technical reviewer. If the AE administers for more than one state, the CPA staff member must be employed full-time. This individual should

- Be fully committed to the objectives of the Program and its administration and have the moral courage to challenge Committees/RABs, when necessary
 - Conduct monitoring procedures and present results to the society CEO
 - Be responsible for day to day operations of the Program, which allows continuity and a backup plan
- 2) Technical Reviewer Requirements: Based on stakeholder feedback the requirement for a full-time technical reviewer to be employed on staff has been removed. Additionally, the requirement that all working papers be evaluated as a part of the technical review has been removed. However, there will be a change in process in that administrators will make all peer review working papers available to the technical reviewer who will be required to take a risk-based approach in determining which working papers should be evaluated during the technical review. In addition, the requirement for the technical reviewer to be present during RAB meetings has been retained.

Failure to Meet Benchmarks

If performance benchmarks are not met, a society (or organization) will lose its ability to be an AE. The OTF and AICPA staff will monitor AE compliance through reports generated from the new peer review software program launching in 2017, Peer Review Integrated Management Application (PRIMA), observations of Committee and RAB meetings and AE oversight visits. If an AE fails to meet the benchmarks and appropriate, timely remediation is not achieved, the

PRB will rescind the AE's ability to administer the Program. Fair procedures will be developed and followed to determine the appropriate remediation and, if necessary, termination.

Benchmarks

Benchmarks fall into three categories: administrator, technical reviewer and Committee/RAB. AEs will be required to develop policies and procedures to address how the AE will comply with the benchmarks. These policies and procedures will become part of each AE's annual Plan of Administration (POA). The POA is a document outlining operational details as to how the AE will implement the Program under Program Standards and is subject to annual approval by the PRB.

In addition, each AE will be required to develop and disclose in its POA its policies and procedures designed to mitigate the familiarity threat that exists among Committees/RABs, technical reviewers, peer reviewers, and firms subject to review, based on the AE's particular circumstances. Such procedures may include one or more of the following (not all inclusive):

- Redacting identifying information about firm and/or peer reviewers from documents presented to RAB
- Arranging for the acceptance of its committee members' peer reviews by another AE
- Arranging for the acceptance of its high-volume reviewers' reviews by another AE
- Arranging for RAB members or specialists from other states to participate in RABs
- Engaging qualified individuals from another state to perform all technical reviews

In addition to the policies and procedures designed to mitigate the familiarity threat developed by each AE, all committee and RAB members will annually be required to: (1) participate in guided discussion which will emphasize the importance of maintaining objectivity and the appropriate level of skepticism, and (2) sign confirmations indicating their agreement to comply with Program Standards and maintain objectivity and an appropriate level of skepticism.

For each AE, the applicable society CEO(s) will be accountable for the peer review administrative process under his/her organization's responsibility. Accordingly, the CEO will be responsible for:

- Determining the necessary staffing
- Hiring appropriately qualified individuals
- Monitoring compliance with the benchmarks, and
- Signing the POA, agreeing to the responsibilities outlined above

See Exhibit 1 for descriptions of proposed benchmarks.

Benchmark Violations and Fair Procedures

If an AE fails to meet the required benchmarks, fair procedures will be followed to determine the appropriate remediation, or depending on the significance of the benchmarks not achieved, termination. The fair procedures developed will provide the AE an opportunity to remedy the situation(s) that created the violation(s), with disqualification as an AE resulting only from a failure to remediate to acceptable levels of performance. When remediation is required, the individual within the AE responsible for the Program should immediately take required actions, and the society CEO should oversee the remediation.

Violations will fall into one of two categories: egregious and non-egregious, with both types of violations resulting in required remediation and appropriate transparency to stakeholders. A pattern of non-egregious violations will result in additional oversight, with failure to remediate causing the AE to move into "probation." Egregious violations will cause immediate "probation," with the AE incurring the cost of external oversight during remediation.

Exhibit 2 provides a flow chart and an illustrated example of fair procedures. The fair procedures will be fully developed and shared with all stakeholders, including the costs to the AE for remediation and probationary activities.

As previously indicated, the specific benchmarks illustrated in this paper are subject to changes and approval by the PRB, including the determination of which benchmark violations are considered egregious. Below are examples of proposed egregious benchmark violations which will cause an AE to move into probation:

- Late submission of the Annual POA (or not including all required information) by due date (note that the PRB is currently considering revising the due date of the Annual POA to a time where submission of complete information is reasonably achievable)
- Not completing the required annual minimum number of oversights by the due date (note that, similar to the consideration noted above for the Annual POA, the PRB is currently considering the date by which all oversights must be completed.)
- Not addressing reviewer performance issues timely
- Technical reviewer and Committee/RAB members not applying appropriate level of objectivity and skepticism (familiarity threat)
- Receiving repeat comments in a RAB observation report from the immediate preceding report
- Releasing confidential peer review information to an external party without written permission from firm
- Sending over 15% of required communications late
- RABs accepting reviews without the presence of members who have appropriate experience/expertise or a quorum
- Not performing administrative oversight
- RAB consistently deferring or delaying over 10% of reviews
- Not engaging/using technical reviewers who possess appropriate experience, training or expertise
- Technical reviewers not present at RAB meetings
- Not structuring and scheduling RAB meetings appropriately
- Not responding timely to requests from the OTF or AICPA staff

State Board Oversight

While this paper does not propose a separate set of board oversight benchmarks, **such oversight will continue to be a critical component of the Program's administration.** The proposed model will not be effective without external oversight such as that performed by board-appointed Peer Review Oversight Committees (PROCs). We will continue to work closely with the National Association of State Boards of Accountancy (NASBA) and boards to support an effective PROC process. We will also continue our collaboration with NASBA's Compliance Assurance Committee (CAC) to discuss and develop appropriate oversight procedures.

In addition, we will create a panel of board executive directors as an additional channel of input for administrative matters. Through this model, we will provide an additional avenue of discussion regarding AE administration and other peer review matters.

Stakeholder Feedback Requested by June 30, 2017

Feedback is integral to the evolution of peer review administration. The AICPA is requesting your feedback of this proposed model and the benchmark criteria for AEs of the future. All input will be considered and will shape the final plan. The intent is to communicate a final plan, along with a transition process, by August 31, 2017.

Please consider the following questions when formulating your response.

- Considering the benchmark criteria presented, what changes do you believe will best increase consistency and audit quality in the peer review administration process?
- What suggestions do you have to help mitigate familiarity threats to the process?
- Are there proposals within this paper that are not feasible? If so, what suggestions do you have for otherwise meeting the objective of increasing consistency, efficiency and effectiveness of Program administration?
- Considering the benchmark criteria presented, would any new criteria be unreasonable to implement by May 1, 2018?
- Are there additional benchmark criteria that should be included?
- Are there aspects discussed within the paper that need further clarification?

If you have concerns about aspects of the proposed plan, please share alternative suggestions for meeting the quality initiative.

Comments and responses should be sent to Beth Thoresen, Director – Peer Review Operations, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 or prsupport@aicpa.org, and are requested by June 30, 2017.

Thank you in advance for your thoughtful consideration of the issues facing Peer Review administration, and your commitment to enhancing audit quality throughout the profession.

Exhibit 1 – Benchmarks

The following are proposed performance benchmarks for which each AE will be held accountable. All benchmarks in this paper are illustrative and are subject to modification and approval by the PRB. The OTF and AICPA staff will monitor compliance utilizing PRIMA, observations of Committee and RAB meetings and AE oversight visits.

Some benchmarks may require changes to guidance and others may be revised as PRIMA is implemented during 2017. Current benchmarks will be monitored upon approval of the concept. Certain benchmarks are currently implied and thus expected to be currently met, and guidance will be changed such that they will be explicitly required. Benchmarks that are not currently implied or required will be phased in, with all benchmarks effective by May 1, 2018.

Administrator Benchmarks:

Current Requirements

- Enter committee decision for reviews when acceptance has been delayed or deferred and send letters within two weeks of RAB meetings
- Submit complete annual POA by due date, including completion of all requirements
- Select appropriate reviews for oversight based on written criteria in the policies and procedures, which considers risks associated with both the reviewer and the firm
- Ensure the minimum number of oversights and the related criteria are met and performed throughout the year
- Send overdue letters and other communications when appropriate as required by guidance
- Make appropriate decisions on exceptions (e.g. extensions, team members, off-site reviews, etc.) and maintain support for exceptions
- Perform the reviewer resume verification process timely and in accordance with the Oversight Handbook
- Follow the documentation retention criteria policy established within Interpretation 25-1

Implied Requirements

- Comply with confidentiality requirements of the Program and the boards for the states the AE administers; this includes:
 - Establish internal confidentiality procedures
 - Communicate the policies and procedures to all parties involved in the peer review administration process
 - Observe that the policies and procedures are followed
- Complete administration checklist and record working papers received (within four business days of receipt)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Provide RAB materials electronically to RAB members one week in advance of RAB meetings
- Respond timely to requests from the OTF or AICPA staff

New Requirements

- Weekly investigate reviews for which review team composition can't be approved
- Record committee decisions timely in PRIMA after RAB meetings for reviews that are accepted which will result in documents being uploaded to FSBA
- Address the familiarity threat for Committee and RAB composition within the POA

Technical Reviewer Benchmarks:

Current Requirements

- Perform the technical review timely and in accordance with the RAB Handbook requirements (including applying appropriate levels of objectivity and skepticism)
- Recommend reviews or engagements for oversight when appropriate

Implied Requirements

- Limit reviews with open items and missing relevant information from being included in the RAB package unless RAB consultation necessary (overall over time, an AE should have less than 10% of its reviews delayed or deferred to another meeting)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Be familiar with guidance issued by the PRB and the board licensure laws for the states in which the AEs administer peer reviews
- Propose due date for corrective actions or implementation plans after discussing feasibility with the firm in advance of RAB meeting to be included in the RAB materials
- Respond timely to requests from the OTF or AICPA staff

New Requirements

- Prepare reviewer feedback forms and letters in advance of RAB meeting to be included in the RAB materials
- Obtain must-select training to perform technical reviews of peer reviews that have engagements from must-select industries
- Be present during RAB meetings in which his/her reviews are presented to answer RAB member questions to avoid deferrals or delays
- Be CPAs
- Thoroughly prepare peer reviews for RAB meetings to minimize the number of reviews that are deferred or delayed accepted subject to missing information

Committee/RAB Benchmarks:

Current Requirements

- Conduct RAB meetings with sufficient frequency to meet 120-day rule for timeliness of presentation of reviews (60-day rule for engagement reviews with certain criteria)¹

¹ This model does not propose a minimum number of RAB meetings per year.

- Structure each meeting's RAB member composition to include members with relevant industry experience (regarding must-select engagements)
- Ensure each review has a quorum of RAB members to vote on it in accordance with the RAB Handbook
- Be familiar with guidance issued by the PRB
- Meet qualifications as established in the RAB Handbook
- Read materials prior to the RAB meeting and come prepared to discuss agenda items
- Discuss peer reviews and do not overly rely on the technical reviewer (including applying appropriate levels of objectivity and skepticism)
- Assign corrective actions and implementation plans in the appropriate situations with due dates that are feasible and will benefit the firm
- Issue timely the appropriate level of reviewer feedback that the situation dictates
- Shepherd reviews through the completion process timely, including generally not waiving or extending corrective actions and implementation plans (exception – hardships)
- Perform oversights on firms and reviewers timely in accordance with the Oversight Handbook and each AE's own written policies and procedures
- Annually evaluate qualifications and competencies of technical reviewer(s)
- Perform administrative oversight in accordance with the Oversight Handbook

Implied Requirements

- Establish RAB meeting length so that the entire meeting is productive; the length is appropriate to adequately discuss each peer review given its complexity (suggestion: conference calls should not be scheduled for more than two hours)
- Fully implement recommendations from RAB observations in a timely manner upon receipt of the report
- Fully implement recommendations from RAB observations such that no comments are repeated in subsequent observations
- Respond timely to requests from the OTF or AICPA staff

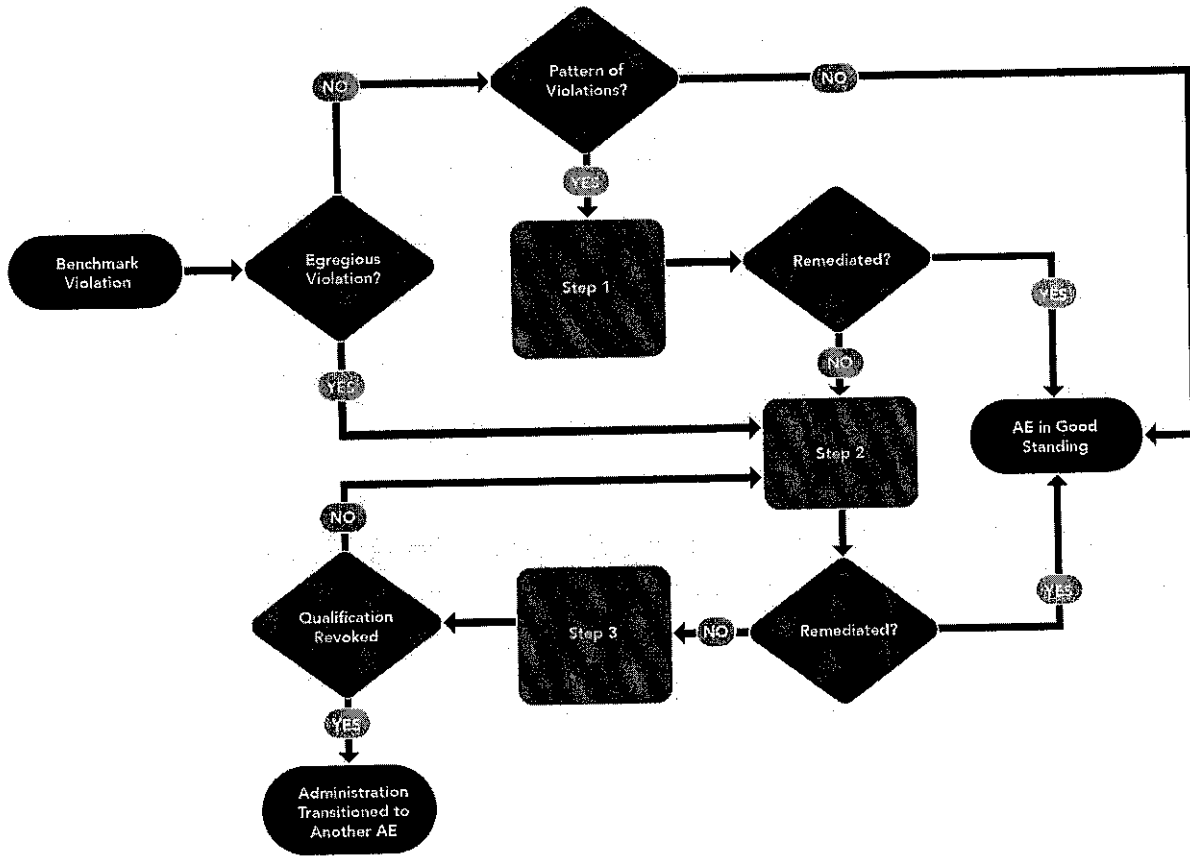
New Requirements

- Schedule RAB meetings no later than two weeks in advance
- Establish a written RAB rotation policy regarding RAB composition within the POA
- Ensure an oversight plan is approved by the Committee and is in place by a required date
- Present pertinent facts on each review (not on the consent agenda) prior to discussion and voting
- All RAB members will formally attest to having read all materials prior to RAB meeting and will maintain objectivity and a professionally skeptical attitude when considering reviews presented for acceptance.

Exhibit 2 – Fair Procedures

If an AE fails to meet the established benchmarks, fair procedures will be followed. The anticipated process will include multiple steps, including required remediation and, if remediation is not successful, termination of the AE's qualification to administer the Program.

Process Flow:



Steps in Fair Procedures:

Step 1: Increased monitoring performed remotely by AICPA staff. Determination to move to Step 1 made by AICPA staff, with periodic reporting of activity to the OTF.

- Accelerated RAB observations to include all reviews presented to RAB. (Second RAB observation to occur no sooner than 30 days after the first.)
 - Procedures include reviewing RAB materials, observing the RAB meeting and preparing the report.
- Monitor status of open reviews monthly during this period.

Step 2: Probation – increased monitoring performed by AICPA staff and/or OTF member at AE's expense, which may include on-site oversight at an appropriate hourly rate and reimbursement of travel expenses. Determination to move to Step 2 made by OTF.

Step 2 Example: Below are activities that may occur with increased monitoring during the probation period. Multiple activities, including repetitions, may be required, and could cost the AE anywhere from \$10,000 to \$40,000. Note, however, that actual hours, rates and resulting costs may vary greatly.

- RAB meeting observation – procedures include reviewing materials, observing the meeting and preparing a report to the OTF (time estimate – 5 hours)
- Test AE's compliance with administrative procedures (time estimate – 4 hours)
- Committee meeting observation (time estimate – 4 hours)
- Travel to AE for in-person observation (time estimate – 4 to 10 hours)

Step 3: Referral to hearing panel to determine whether:

- The AE's qualification to administer the Program will be terminated (with its administration transitioned to another AE), or
- The AE will be allowed to continue to remediate (i.e., return to Step 2).



State of Wyoming Board of Certified Public Accountants

MATTHEW H. MEAD, GOVERNOR

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RAULAND J. WEBER, CPA
STEVEN R. LAIRD, PUBLIC MEMBER

DEAN W. MCKEE, CPA
ROXANNE P. OSTLUND, CPA
PAMELA IVEY, EXECUTIVE DIRECTOR

May 25, 2017

Ms. Beth Thoresen, Director – Peer Review Operations, AICPA Peer Review Program
AICPA
220 Leigh Farm Road
Durham, NC 27707-8110

Dear Ms. Thoresen,

On behalf of the Wyoming Board of Certified Public Accountants (Board) please accept this letter of comment in response to the *“Proposed Evolution of Peer Review Administration Revised January 2017”* document. We appreciate the opportunity to provide feedback regarding the proposed process which ultimately is expected to result in a comprehensive program to ensure delivery of a consistently high quality of services which protects the public.

This Board as well as others has a strong interest and stake in seeing that the AICPA Peer Review Program (Program) is successful and effective. The Program needs to perform in such a way that each licensing board may rely on the outputs of the Program and have confidence that each CPA firm undergoing Peer Review consistently provides a high quality and technically accurate work product. Any future efforts to encourage state boards of accountancy to adopt firm mobility laws are dependent upon the Program being consistently administered from one Administering Entity (AE) to another in a high quality and transparent manner.

The Board appreciates that the proposal itself has evolved to provide a more practical and workable solution to address the issues related to the quality and effectiveness of AEs. In place of the original proposal which suggested consolidation of approximately forty (40) AEs to a total of eight (8) to ten (10), the current proposal, which includes benchmarks established that must be met by all AEs, may result in a more natural attrition of weaker AEs or AEs that simply do not want to adopt the required structures and increase personnel to meet the benchmark requirements.

Further, consistent and comprehensive oversight of AEs and the Report Acceptance Bodies (RAB) on the part of the Program must be ongoing and results of AE oversight activities must be readily available to all boards of accountancy. This Board requests complete transparency regarding AE performance and encourages the AICPA to not be selective about reporting findings related to AE oversight. Licensing

boards are dependent upon the Program and effective AEs to ensure that CPA firms are consistently producing a high quality work product in order to properly enforce state laws in the interest of public protection. Licensing boards need to know which AEs are performing effectively by meeting required quality centric benchmarks and which AEs consistently fail to meet the benchmarks. This Board encourages the AICPA to ensure complete transparency in order for licensing boards to feel confident that the AICPA Peer Review Program supports the mission of public protection.

The Board appreciates that the proposal includes forming a panel of state board executive directors to provide input regarding administration issues. Ongoing communication and feedback are vital to the effective performance of the Program. This Board recommends that the panel should include a representative sample of state board executive directors, including representation from small jurisdictions, to provide valuable input and perspectives from all state boards.

Benchmarks

The proposal indicates that AEs will be required to develop policies and procedures to address how the AE will comply with benchmarks. This Board recommends that model policies and procedures be developed to enhance the consistency between AEs and that benchmarks are designed to be more quality centric with less reliance on a check list sort of approach to make certain time deadlines are met along the way. Adoption of model policies and procedures designed to support quality centric benchmarks would provide important guidance to AEs. If model policies and procedures are reviewed annually, and possibly modified to take into consideration feedback from constituents, and approved by the AICPA Peer Review Board, AEs would have the important guidance required to ensure that policies and procedures evolve to address any changes that naturally occur.

RAB remediation requirements must be met by firms providing evidence of completion of any required remediation activity, including but not limited to, valid certificates of completion of any proscribed CPE. State boards require documentation of completion of requirements. Peer Reviewers that forego requiring proper and full documentation that requirements have been completed in favor of taking a holder's word that the requirements have been met, create issues for state boards that require documentation to evidence that requirements have been met. This sort of informal practice creates confusion on the part of holder who feels the requirement was met through informal notification when the state board requests documentation to support the claim that requirements were met.

Additional benchmarks related to timely response to state board personnel are important. While we recognize the AE is unable to share confidential information with state boards, there are issues that arise from time-to-time that require direct and timely communication between the AE and board staff.

State Board Oversight Feasibility (Small States)

As has been brought to James Brackens' attention, the Wyoming Board does not have resources available to it that would provide for non-Board member Peer Review Oversight Committee (PROC) members to attend RAB meetings to provide oversight of that portion of the process. The concern is that the

Wyoming PROC is comprised of a seated Board member who has appropriate experience to meet the oversight requirements necessary to ensure the Program's effectiveness regarding ensuring audit quality.

The Program has been referred to as "remedial in nature." The concern was explained that a PROC member who is also a seated State Board member could be exposed to information that could lead to a complaint and investigation before a firm is afforded the opportunity to remediate any issues.

Perhaps, if the AICPA is serious about ensuring that high quality services are provided to the public, egregious errors on the part of CPA firms should be investigated by the appropriate state board to determine whether a particular CPA firm's scope of practice needs to be limited.

Because of the restriction placed on who is able to participate in RAB oversight, small jurisdictions such as Wyoming are not afforded the opportunity to oversee RAB activities which is an important element of a PROC's duty. CPA firms in this state have steadily made the choice to limit their scopes of practice to exclude audit/attest services. As a result, there is a much smaller pool of qualified candidates to fill Board seats and serve as PROC members.

This state does not have the ability or resources to recruit CPAs, on either a volunteer or paid basis, outside of the Board to serve in a Peer Review oversight capacity. The responsibility falls on a seated Board member.

Furthermore, this state has sufficient procedures and safeguards in place to ensure that any investigation of a CPA firm with respect to a Peer Review matter is handled in such a way as to maintain an impartial tribunal to hear matters. This Board is able to ensure impartiality and is not reliant on the AICPA to make certain that CPA firms are treated in a fair and impartial manner. The AICPA's Peer Review Program must not allow a firm's AICPA membership to influence how the program is administered. PROC oversight of RAB meetings has been discussed at NASBA meetings as being imperative to the effectiveness of the Program. By limiting participation, the AICPA is limiting the effectiveness of Program oversight.

Concerns Related to Increased Costs

In a state the size of Wyoming, nearly all firms are small firms. The proposal to enhance administration of the Program, while it may improve work product quality, will impact small firms the most with respect to the increased costs associated with the Program.

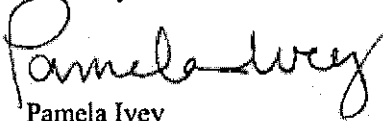
The Board anticipates that increased costs will further drive local CPA firms "out of the market" which creates tremendous challenges for the citizens of Wyoming. Wyoming citizens will not have access to local providers of audit services. Services provided by out-of-state firms will be increasingly costly owing to anticipated increasing costs related to Peer Review as well as any travel costs associated with the services provided to Wyoming citizens.

Of particular concern is Wyoming non-profit organizations which are typically very small and unable to bear increased costs associated with required audits of their programs in order to continue to maintain

funding for operations. Citizens of Wyoming already face issues related to the accessibility of services. The promised increased costs associated with this proposal will only serve to make the problem more acute which has a negative impact on public protection in this state.

Thank you again for the opportunity to provide input into the process of evolving the administration of the AICPA Peer Review Program in order to improve work product quality and ensure protection of the public.

Sincerely and on behalf of the Wyoming Board of Certified Public Accountants,

A handwritten signature in cursive script that reads "Pamela Ivey". The signature is written in black ink and is positioned above the printed name and title.

Pamela Ivey
Executive Director

Copy: Mr. John F. Dailey, Jr., CPA, Chair
NASBA Compliance Assurance Committee

Members of the Wyoming Board of Certified Public Accountants



NEVADA STATE BOARD OF ACCOUNTANCY

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WEBSITE: WWW.NVACCOUNTANCY.COM • E-MAIL: CPA@NVACCOUNTANCY.COM

May 22, 2017

Beth Thoresen, Director
AICPA Peer Review Program
AICPA
220 Leigh Farm Road
Durham, NC 277-7-8110

Dear Ms. Thoresen,

Our Board has reviewed the AICPA's supplemental discussion paper entitled "*Proposed Evolution of Peer Review Administration: A discussion paper seeking input from state CPA societies and state boards of accountancy – Revised January 2017.*" This letter contains the Board's observations and comments in response thereto.

The Board acknowledges and appreciates the AICPA's response to many of its previous suggestions and the amendments that were subsequently made to the model. The Board's principal concerns with the revised model continues to be (1) the increased cost for smaller firms to participate, (2) excessive penalties for administrative non-compliance, and (3) the apparent conflict of interest caused by the AICPA having oversight of the peer review process and allowing it to have its own AE.

Excessive costs. The Board continues to be concerned with the increased cost for smaller firms to participate, including costs caused by the model that the Board believes are unnecessary. For example, the Board believes that the requirement for the AE to employ a CPA full-time is unnecessary. The administration of a peer review program itself does not require the knowledge of a CPA. The Board also believes that it would be easier to recruit a knowledgeable non-CPA administrator than a CPA to perform these functions. In addition, the peer review program already has many levels of CPA oversight including:

1. CPA member of the RAB
2. CPA Technical Reviewer
3. CPA members of Society Boards and Executive Committees

As you know, the peer review process begins with a CPA reviewer interacting with CPAs from the subject firm. Subsequently, a CPA is involved in each of the various levels of technical oversight, including receiving the RAB's final approval.

Many states rely on smaller CPA firms to conduct peer reviews, particularly in rural areas. The Board believes that increased costs would reduce the number of smaller firms willing to do peer reviews, further increasing costs to subject firms.

Excessive penalties. Based on discussions with our state society, the proposed penalties seem excessive and could place the AE in a financially compromised position. The Board believes there should be consequences for administrative failures but that the objective can be accomplished with smaller penalties, particularly for non-repetitive failures.

Conflict of interest. The Board believes that the appearance of conflict of interest is inherent in the model because it charges the AICPA with oversight of the process but also allows it to have its own AE primarily for practitioners who do not wish to be members of the AICPA. Objectivity and independence is the cornerstone of the profession. The model should not violate these fundamentals.

The Board encourages efforts to improve the effectiveness of peer review process while achieving efficiencies through the elimination of unnecessary administration and related costs.

Let me know if I can provide additional clarification regarding the above information.

Sincerely,



Viki A. Windfeldt
Executive Director

cc: John F. Dailey, Jr., CPA, Chair
NASBA Compliance Assurance Committee

Members, Nevada State Board of Accountancy

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors

January 6, 2017 – Eau Palm Beach Resort and Spa, Manalapan, 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 Telford Lodden (IA) at 9:00 a.m. on Friday, January 6, 2017 at the Eau Palm Beach Resort and Spa in Manalapan, FL. Mr. Lodden welcomed all and asked those new to the Board to introduce themselves.

2. Report of Attendance

President Ken L. Bishop reported the following were present:

Officers

Telford A. Lodden, CPA (IA), Chair
Theodore W. Long, Jr., CPA (OH), Vice Chair
Donald H. Burkett, CPA (SC), Past Chair
A. Carlos Barrera, CPA (TX), Treasurer
Janice L. Gray, CPA (OK), Secretary

Directors-at-Large

Jimmy E. Burkes, CPA (MS)
John F. Dailey, Jr., CPA (NJ)
Tyrone E. Dickerson, CPA (VA)
Raymond N. Johnson, CPA (OR)
Richard N. Reisig, CPA (MT)
E. Kent Smoll, CPA (KS)

Regional Directors

Catherine R. Allen, CPA (NY), Northeast Regional Director
J. Coalter Baker, CPA (TX), Southwest Regional Director
Maria E. Caldwell, CPA (FL), Southeast Regional Director
Sheldon P. Holzman, CPA (IL), Great Lakes Regional Director
Stephanie S. Saunders, CPA (VA), Middle Atlantic Regional Director
Sharon A. Jensen, CPA (MN), Central Regional Director
Edwin G. Jolicoeur, CPA (WA), Pacific Regional Director
Nicola Neilon, CPA (NV), Mountain Regional Director

Executive Directors' Liaison

Wade A. Jewell (VA) – Executive Directors Committee Chair

Absent

Laurie J. Tish, CPA (WA), Director-at-Large

Staff

Ken L. Bishop, President and Chief Executive Officer

Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer

Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer

Louise Dratler Haberman, Vice President - Information and Research

Thomas G. Kenny, Director – Communications

Patricia Hartman, Director – Client Services

Troy Walker, CPA, Director of Finance/Controller

Noel L. Allen, Esq., Outside Legal Counsel

3. Approval of Minutes

Secretary Janice L. Gray (OK) presented the minutes of the Board of Directors' October 28, 2016 meeting and the November 1, 2016 meeting. Coalter Baker (TX) moved for approval with corrections of the October 28 minutes, Sharon Jensen (MN) seconded and all approved. Donald Burkett (SC) moved for approval with corrections of the November 1 meeting, Sheldon Holzman (IL) seconded and the minutes were unanimously approved with corrections.

4. Report of the Chair

Chair Lodden reported that since the Annual Meeting he had participated in meetings and conference calls of several NASBA Committees. He looks to the chair of each committee to be its leader, but he wants to be sure all achieve their goals. Among those groups he heard were the: Bylaws Committee, Diversity Committee, Compliance Assurance Committee, Uniform Accountancy Act Committee, Regulatory Response Committee, International Qualifications Appraisal Board, Investment Committee, Administration and Finance, and Standard-Setting Advisory Committee. He also attended a meeting of the Accountancy Board of Ohio. Chair Lodden advised the committee chairs that they should lead their groups and bring back to the Board of Directors and Executive Committee reports on their progress. He explained there might be instances where the Executive Committee may ask committees to reconsider their decisions, in order to keep NASBA on the right track. He quoted James Dean: "I can't change the direction of the wind, but I can adjust my sails to always reach my destination."

The Chairman of the United Kingdom's Financial Reporting Council, Sir Win Bischoff, and its CEO Stephen Haddrill met with Chair Lodden and President Bishop in New York City. Over the years, the FRC's attitude about achieving a mutual recognition agreement has changed and now Brexit is impacting the situation. The UK Prime Minister will formally ask to leave the EU by the end of March and that will begin a two-year process of the UK breaking away from the Union. Mr. Haddrill agreed to send a legal opinion of the current situation and an outline of potential tripping points in reaching a mutual recognition agreement. In the meantime, discussions are to continue with the Institute of Chartered Accountants of Scotland. The CEO of the ICAEW expressed hope that an agreement with that body would follow quickly, explaining they need more people with accounting expertise to be able to cross the borders. Mr. Lodden said that had been a great meeting.

The Executive Committee discussed ongoing strategic issues including data analytics and peer review program administration. Efforts continue to develop potential language for the Uniform Accountancy Act to clarify use of titles and that is being carefully crafted, Mr. Lodden said.

NASBA will be making appointments to external groups in May. Chair Lodden said such appointments are important to NASBA's strategy to achieve relevance and influence. NASBA representatives need to be vocal on those groups.

Chair Lodden will be working with President Bishop on developing the agenda for the February AICPA/NASBA leadership summit.

5. Report of the President

President and CEO Bishop and Executive Vice President and COO Colleen K. Conrad reported the following:

- Programs for the staff included a Thanksgiving-style luncheon, a holiday party at the Musician Hall of Fame in Nashville, an ugly sweater contest, presentation of the Ad Aspera Award to human resources assistant Kim Smith, and biometric screening and health assistance.

- The design stage is underway for the 8th floor of NASBA's Nashville headquarters. NASBA will take possession of the space on June 1 when the sublease to its equity affiliate ends.

- In conjunction with the AICPA, NASBA has started research into why some CPA candidates cease to take the Uniform CPA Examination. Focus group discussions are taking place and results of the study are expected this fall. Other CPA pipeline projects are also underway.

- Initiatives for CPA candidates from more countries surrounding current international testing centers are underway. In addition, NASBA, AICPA and Prometric are looking at opening testing centers in China and India.

- Representatives from the Accounting and Auditing Board of Ethiopia met with President Bishop in NASBA's New York City office for guidance on structuring their professional regulation.

- NASBA was invited to participate in the PCAOB's International Regulators Forum. This meeting brought together audit regulators, not professional associations. President Bishop believes NASBA will now be invited regularly to this annual event.

- Congratulations to NASBA Director-at-Large Richard N. Reisig (MT) on being appointed to the practitioner position on the FASB Private Company Council.

- Multiple meetings were held with the PhD Project, to which NASBA has made a \$25,000 yearly contribution. President Bishop said he has been pleased with the results of this

investment as the program seeks to raise people of color through the Ph.D. to become professors and leaders of universities.

- AACSB had major meetings in December focused on accreditation. NASBA speakers were included in the program and NASBA is confident that they brought this important topic to the educators' attention.

- Conversations continue with Institute of Management Accountants. If states do adopt language which would permit the use of a management accountant title, NASBA wants to determine the steps the IMA would take to enforce if the title is used inappropriately.

- Ian Dingwall, Chief Accountant – Office of Employee Benefits Security Administration, Department of Labor, retired at the end of 2016. It is hoped the new leadership will work compatibly and collegially with the State Boards and NASBA.

- Since 2016, Vice President – State Board Relations Dan Dustin has visited 16 Boards of Accountancy. He is in the process of setting up visits with the Illinois, Louisiana, New Jersey, Rhode Island and South Dakota Boards.

- Legislative E-News, a new NASBA electronic publication, was launched on January 3, 2017. The State CPA Societies' legislative staff met in NASBA's Nashville office in November (the "FOOD Group").

- Almost 2200 sponsors are currently on the NASBA CPE Sponsor Registry. In September 2016, the new CPE Standards went into effect that cover nano learning and blended learning. The Registry approved the first nano learning sponsor in December.

- Eight Boards are using the CPE audit service and another eight are ready to use it when the switch is made to the new CPE audit tool. Eleven more Boards are very interested. New Hampshire is requiring its international candidates to use NASBA's experience verification service, which NASBA has only recently started to promote. President Bishop explained the verification service had been requested by the Boards to review international candidates.

- Two large IT projects are being outsourced by NASBA, the Gateway project and the CPE Audit tool. NASBA staff is making sure the contractors are staying accountable.

- The NASBA Center for the Public Trust (CPT) once again on December 1, 2016, presented with Baruch College their annual audit conference that features important regulators speaking. The number of CPT student chapters continues to grow. President Bishop said he believes NASBA is getting a good return from its investment in the CPT.

6. Report of the Vice Chair

Vice Chair Theodore Long (OH) reported he would begin holding his planning meetings in May 2017. He had attended the Investment Committee's meeting and the A&F Committee's meeting.

7. Report of the Standard-Setting Advisory Committee

Chair Lodden reported he had met with the Standard-Setting Advisory Committee (SSAC) and given them a difficult assignment: to become involved in the standard-setting going on related to the use of data analytics in the audit. The Regulatory Response Committee and the Standard-Setting Advisory Committee are both developing the NASBA response to the IAASB's paper on data analytics. SSAC Chair Catherine Allen (NY) said the SSAC will focus on what is key from the State Board perspective. What does the use of data analytics mean to the person on the State Board level and how is that message brought to the State Boards.

In addition, the SSAC will review the matrix of best practices for standard-setting groups that it originally developed several years ago. Ms. Allen said she has a lengthy to-do list for this project.

8. Report from the Client Services Director

Patricia Hartman reported an increase in support to Boards and outreach this year in preparation for the version of the Uniform CPA Examination to be launched in April 2017. Among the outside groups addressed were the National Association of Black Accountants, the Review Course Providers Annual Meeting and the Tennessee Society of CPAs. Outreach directly to the candidates has been done through Facebook Chat, a Twitter account, constantly updating the Candidate Bulletin on line, and postings on social media. Webinars for Japan, the Middle East and the U.S. were held.

As soon as the 10-day testing window extension was announced, candidates were immediately scheduling for those dates, Ms. Hartman reported. There has been an increase in Chinese candidates coming to test in Guam. The lease on the Guam testing center will end in 2017 and NASBA is looking to relocate its operations into another site on the island.

NASBA's Client Services Department also is providing all the information for CPE audits in Georgia and Montana. In addition, they produce wall certificates for CPAs and other professions in Connecticut and Montana.

9. Report of the Administration and Finance Committee

Treasurer Carlos Barrera (TX) presented the A&F Committee's report to the Board. He stated the operating results as of November 30, 2016 and he summarized the Investment Committee's meeting, held earlier in the week. Year-to-date results were positive as compared to the budget due primarily to the high volume of Uniform CPA Examination candidates applying to take the Examination prior to the April 1, 2017 launch of the next version.

Senior Vice President and Chief Financial Officer Michael Bryant reviewed the capital expenditure budget as compared to the current projection and the additional \$1.2 million related to the two major software development projects, Gateway 2.0 and CPE Audit Services.

Treasurer Barrera made a motion to approve the financial statements as presented, which was seconded by Edwin Jolicoeur (WA), and unanimously approved.

10. Report of the Executive Directors Committee

ED Committee Chair Wade Jewell (VA) reported he had met with a Deloitte staff member from Gambia (the smallest country in Africa) about developing regulations for that country's CPAs. He explained the role that NASBA and the State Boards play in this country and introduced her to the State CPA Society.

Preparing for the Executive Directors Conference to be held in March in New Orleans is the primary current focus of the ED Committee. Topics that will be covered during the meeting include: administration of the AICPA Peer Review Program, Prometric's security measures, use of titles, the impact of the North Carolina Dental case, and consolidation of Boards. For the third year in a row, the Boards' Executive Directors will be joined at their conference by the CEOs of State CPA Societies.

11. Report from the Education Committee

Education Committee Chair Raymond Johnson (OR) reported December had been a very busy month, with the AAA and AACSB holding meetings on accreditation. The AAA meeting had many leaving questioning what would happen next, Dr. Johnson said. Two of the eight U.S. accreditors were at that meeting but they did not talk about transparency of transcripts nor about the awarding of credit for life experience. The next meeting with the accreditors is scheduled for February 3, 2017. President Bishop noted that it was unfortunate the regional accreditors, that are allowing the questionable awarding of credit, are not part of this discussion. This is adulterating the significance of the 150 hours of credit required in the UAA, he observed.

The AACSB held its meeting on the following day and concluded that accreditation for accounting needs to look more like what is done for engineering and architecture, Dr. Johnson reported. The accounting profession should be fully engaged in accreditation. For example, the board of directors for architect accreditation has three representatives from academia, three from the professional association, three regulators plus student representatives. Dr. Johnson predicted if new standards for accreditation are developed that will not be done before 2018 and actual implementation may not be for five-to-ten years.

12. Report from the Uniform Accountancy Act Committee

UAA Committee Chair Coalter Baker described how his group had worked with the Continuing Professional Education Committee, chaired by Maria Caldwell (FL), to arrive at the draft of the Model Rules for CPE that he presented to the NASBA Board. The proposed Model Rules compose a standalone document that includes definitions and is meant to provide guidance for the licensees, as the CPE Standards are aimed at the program sponsors, Mr. Baker explained.

He made a motion to expose the Model Rules for comment. Stephanie Saunders (VA) seconded and all approved.

Next Mr. Baker made a motion to expose for comment the drafted updating of the UAA to cover non-substantive changes (such a capitalization, punctuation and elimination of outdated information). Ms. Jensen seconded and all approved.

Amending language for UAA Section 14 that would allow the use of management accountant titles is being discussed by Mr. Baker and AICPA UAA Committee Chair Debbie Lambert with NASBA Vice Presidents Dan Dustin and Louise Dratler Haberman and AICPA Vice President Mat Young. No draft language is yet ready to present to the UAA Committee.

13. Report of the Committee on Relations with Member Boards

Relations with Member Boards Committee Chair Stephanie Saunders gave a short summary of what had been discussed during the Committee's meeting on the previous day. The major part of the meeting was focused on developing the agendas for the June 2017 Regional Meetings and New Board Member Orientation Programs. Presentations for the Regional Meetings will include a panel session on the use of data analytics and artificial intelligence and how that will impact the State Board's role, updates on the Uniform Accountancy Act and Model Rules, and enforcement. The Orientation Programs will feature the traditional play with an emphasis on "dos and don'ts."

14. Report from the Compliance Assurance Committee

CAC Chair John Dailey (NJ) reported the AICPA had received 25 comment letters from State Boards on its white paper discussing proposed revisions to administration of its Peer Review Program. Thirty State CPA Societies commented as well. The CAC will be holding a conference call on January 9 to consider the changes the AICPA is talking about since the comment period ended.

The CAC's response letter to the AICPA had covered six major concerns to the State Boards: (1) Board of Accountancy oversight of the process; (2) cost concerns; (3) required consolidation of the administering entities; (4) creation of a national AE; (5) impact on reviewer volunteer pool; and (6) transparency of the reports. Mr. Dailey said some of these issues were addressed in the AICPA's revised proposal, while others were not covered.

15. Report from IQAB

NASBA/AICPA International Qualifications Appraisal Board Chair Sharon Jensen reported two major agreements are getting closer to completion. The initial draft of the tri-party Instituto Mexicano de Contadores Publicos/CPA Canada/ IQAB agreement has been drafted, but additional material is awaited from the IMCP. A draft agreement for the Chartered Accountants

of Australia and New Zealand has also been prepared. IQAB will hold a face-to-face meeting on March 24. Contact continues with the South African Institute of Chartered Accountants and the Institute of Chartered Accountants in Scotland.

A draft agreement is also being prepared to send to the Chartered Accountants of Ireland. CAI CEO Pat Costello is scheduled to retire in July 2017, and IQAB hopes to have some form of an agreement completed by that time, Ms. Jensen said.

16. Alerts

Chair Lodden discussed with the Board members the progress of the Professional Licensing Coalition.

There was further discussion of the State Boards' comments on the need for UAA language that would permit management accounting titles to be used.

17. Annual Shareholder Meeting of the NASBA Center for the Public Trust

Ms. Gray moved that the NASBA Board meeting be suspended to hold the Annual Shareholder Meeting of the NASBA Center for the Public Trust, as required by the CPT's Bylaws. Mr. Holzman seconded and all approved.

Speaking to the NASBA Board, as the sole shareholder of the NASBA Center for the Public Trust, NASBA President Bishop reported there was one vacant seat on the CPT Board, but no candidates to be brought forward at this time. Mr. Holzman then moved to adjourn the CPT meeting, Ms. Gray seconded and all approved.

18. Future Meetings

Chair Lodden reported NASBA's 2017 Annual Meeting will be held in New York City, October 29 – November 1. The next meeting of the NASBA Board of Directors will be held April 20-21, 2017 in Destin, FL.

19. Adjournment

On a motion by Tyrone Dickerson (VA), seconded by Richard Reisig (MT), the Board unanimously approved adjourning at 3:15 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

April 21, 2017 – Destin, FL

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, April 21, 2017 at the Henderson in Destin, Florida, the Board took the following actions:

□ Approved for exposure for comment a proposed amendment to the Uniform Accountancy Act Section 14(q) to provide for use of accounting designations that include the word “management.” The NASBA Board of Directors has not endorsed this exposure draft language. It believes that a change such as this should be thoroughly considered and vetted by NASBA’s constituents. The amendment was presented by NASBA UAA Chair J. Coalter Baker (TX), who requested the comment period run until the end of September 2017. On April 28 the AICPA Board is scheduled to vote on the exposure of the draft.

□ Approved for discussion at the 2017 NASBA Regional Meetings the “Report of the AICPA/NASBA Accreditation Task Force: Exploring Opportunities to Enhance the Candidate Pipeline and Improve the Quality of Education,” as presented by Education Committee Chair Raymond N. Johnson (OR).

□ Congratulated Janice L. Gray (OK) on her selection by the Nominating Committee as its candidate for NASBA Vice Chair 2017-2018, to be voted on at the Annual Business Meeting on October 31, 2017. The report of the Nominating Committee was presented by its Chair, Donald H. Burkett (SC). A reception for the Nominating Committee members to meet with candidates for other NASBA offices will be held at both Regional Meetings.

□ Accepted the financial report as presented by Treasurer A. Carlos Barrera (TX).

□ Approved the Education Committee’s recommended recipients of 2017 NASBA accounting education research grants: Drs. Kimberly Swanson Church and Gail Hoover King for their work on “The Landscape of High School Accounting Education and the Impact on the Future of the Accounting Profession”; Dr. Brandis Phillips for her work on “Stereotype Threat and Mindset Orientation: Psychological Barriers to the Accounting Profession”; and Reza Espahbodi and G. Thomas White for their work on “Is Success on the CPA Exam All About Opportunity?”

□ Received a summary from Chair Telford A. Lodden (IA) of his NASBA activities during the past quarter. These included participation in a summit meeting with the volunteer leadership of the American Institute of CPAs, addressing the State Board Executive Directors and Legal Counsel Conference attendees, and joining in on numerous NASBA Committees’ conference calls and meetings. Chair Lodden congratulated the Executive Directors Committee and NASBA staff for developing and presenting excellent conferences.

- Learned from President and CEO Ken Bishop that NASBA is meeting with architects and interior designers to work on its new space on the eighth floor of its Nashville office building, as the Professional Credential Services Holding Company has just vacated the premises. Senior Vice President and CFO Michael Bryant provided details of the project. Mr. Bishop said the new design of NASBA's sixth and seventh floors had resulted in increased productivity and heightened staff morale.
- Heard from NASBA Executive Vice President and COO Colleen K. Conrad that no major issues have yet arisen from the introduction of the revised Uniform CPA Examination on April 1, 2017. As anticipated, the number of sections taken during the first quarter of 2017 had increased over the previous year, but the number of sections scheduled to be taken in April and May had not decreased as much as had been anticipated.
- Approved the extensions of the mutual recognition agreements with CPA Canada, Instituto Mexicano de Contadores Públicos, Chartered Accountants of Australia and New Zealand, and the Chartered Accountants Ireland until December 31, 2017, as requested by NASBA/AICPA International Qualifications Appraisal Board Chair Sharon A. Jensen (MN). She explained IQAB anticipates finalizing these renewals before the 2017 Annual Meeting.
- Received a report from Legislative and Governmental Affairs Director John Johnson on the state and federal legislation he has been following for the State Boards. He announced a stepped up effort to have all participants in NASBA respond to a Key Person Contact Program questionnaire in order to identify those who have personal or professional relationships with any elected member of state or federal government.
- Heard from Compliance Assurance Committee Chair John F. Dailey, Jr. (NJ) that the AICPA's revised proposed changes to its Peer Review Program are under review by his committee, which will continue to welcome input from the State Boards, both via their comment letters and at the breakout sessions to be held during the Regional Meetings.
- Received a report from Executive Directors Committee Chair Wade Jewell (VA) on the top concerns of the State Boards' Executive Directors as voiced at the March Executive Director and Board Staff Conference March 14-16, 2017. These included the use of titles, peer review administration, education, potential litigation and the need for indemnification of Board members.
- The next meeting of the NASBA Board of Directors will be held on July 21, 2017 in Big Sky, Montana.

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

Executive Summary
January – April 2017
Regional Directors' Focus Question Responses

32 Boards Responding

(AK, AR, CA, DC, FL, HI, IA, ID, IL BOE, IL DFPR, GA, KS, LA, MD, ME, MI, MN, MS,
MT, NC, ND, NM, NV, OH, OK, OR, SD, TX, VA, VT, WA, WY)

- 1. How would your Board acquire the expertise necessary to investigate an audit failure involving data analytics? Some responses:**
Hire an expert: AK, FL, IA, ID, KS, LA, ME, MN, MS, MT, NM, NC, ND, OK, SD, TX, VA, WA, WY
Reach out to other Boards, Society, AG, RICO, LARA or NASBA: AR, DC, GA, HI, IA, MN, NV, OH
Look to Board's Office of Professional Regulation: VT
Look to the California Board's two Supervising Investigative CPAs and 14 fulltime Investigative CPAs: CA
- 2. What type of training does your Board require investigators to undergo? Some responses:**
No specific training required: AK, AR, ME
CLEAR, AARO, ARELLO, IPRA, LARA, Fred Pryor training: DC, GA, MI, MN, MS, MT, NC, NM, NV, SD
NASBA investigative training: CA, FL, GA, MI, MN, MS, NV, OK, VA, WA, WY
In-house RICO or other training: CA, HI, IL DFPR, VA
Law License, CPE seminars, familiarity with accounting principles: TX
Investigators must be Level III law enforcement officers: VT
- 3. In brief, what are your Board's thoughts on the revised AICPA paper on administering the Peer Review Program? Some responses:**
Under review: AK, CA, FL, HI, IL DFPR, LA, MN, MT, NV, NC, OK, WY, VT
No comment: DC, MI
Outsourced: IA, NM
Concerned and cautious: KS, ND, OH, SD, WA
Generally supportive of peer review process that improves audit quality: ME, TX
Very supportive of revised paper: MD
Satisfied with administration of peer review by State Society: MS
- 4. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about? Some responses:**
 - **CA:** Ten states not yet substantially equivalent with NASBA's Guiding Principles of Enforcement.
 - **MI:** Coordinating with new Michigan Bureau of Medical Marijuana Regulation to provide guidelines for CPAs to serve clients in the industry.
 - **OK:** Dealing with legislation session including proposal prohibiting licensing agencies from barring convicted felons regardless of type of felony.
- 5. Can NASBA be of any assistance to your Board at this time? Some responses:**
 - **CA:** Circulate new address for CBA: 2450 Venture Oaks, Suite 300, Sacramento, CA 95833.
 - **ND:** Looking for method of tracking CPE when there is a rotating schedule of some requirements.
 - **VT:** Accounting specific investigator training would be useful as would coordinated efforts to establish impartial expert witnesses qualified in data analytics and other particularly technical areas of enforcement.

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 January 12, 2017 and April 10, 2017. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

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

Catherine R. Allen (NY) – Northeast Regional Director

J. Coalter Baker (TX) – Southwest Regional Director

Maria E. Caldwell (FL) – Southeast Regional Director

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

Sharon A. Jensen (MN) – Central Regional Director

Edwin G. Jolicoeur (WA) – Pacific Regional Director

Nicola Neilon (NV) – Mountain Regional Director

BOARD/AFFILIATION	NAME	QUESTION 1. How would your Board acquire the expertise necessary to investigate an audit failure involving data analytics?
Alaska	Cori Hondolero	The investigative section can hire an expert if necessary.
Arkansas	Jimmy Corley	Would have to reach out to NASBA or other Boards with experience in this area.
California	Aaron Bone	<p>For technical matters such as the investigation of an audit failure involving data analytics, the California Board of Accountancy (CGA) has a staff of two Supervising Investigative CPAs and 14 fulltime Investigative CPAs (ICPA). The ICPAs conduct the most investigations, which include investigations related to professional standards, gross negligence, etc.</p> <p>The CBA requires that, for entry into the classification of ICPA, individuals have knowledge of:</p> <ul style="list-style-type: none"> • Current professional accounting standards and pronouncements, including Generally Accepted Auditing Standards, Generally Accepted Accounting Principles, Statement on Standards for Accounting and Review Services, and Federal and State tax codes as applied to individuals and commercial entities in a variety of industries. • Practice, policies, and procedures of certified public accounting firms, the Securities and Exchange Commission, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, and the Public Company Accounting Oversight Board. • Work paper techniques applicable to reviews, financial, compliance, operational, and management audits of government and commercial entities. • Review procedures used to assess the quality and scope of work performed by CPAs on reviews and audits of government and commercial entities. • The California Accountancy Act, California Board of Accountancy rules and regulations, and standards of evidence promulgated by the Attorney General's Office. <p>Due to the complexity and magnitude of certain investigations, the CBA may secure and use expert consultants to provide expertise and review of casework. Expert consultants' services may include, but are not limited to, reviewing and analyzing records, preparing a report of the findings, and providing testimony via deposition and/or trial, if necessary</p> <p>The CBA has also established the Enforcement Advisory Committee (EAC) to assist the CBA's investigative functions. The individuals appointed to the EAC possess a wide-range of knowledge in the public accounting profession and come from accounting firms of various sizes.</p>
District of Columbia	Grace Yeboah Ofori	The Board will seek advice from the Virginia State Board of CPAs and the Greater Washington Society of CPAs.
Florida	Veloria Kelly	Florida rules require that investigations of non-technical matters be undertaken by a Florida licensed CPA with a minimum of five years of experience in the area of public accountancy.

Georgia	Paul Ziga	We would work with the Georgia Society and Attorney General's office to determine what resources are available to the State.
Hawaii	Laureen Kai	The Regulated Industries Complaints Office ("RICO") is a statewide agency of the Department of Commerce and Consumer Affairs, to which the Board of Public Accountancy ("Board") is administratively attached. RICO is the enforcement arm for the various professions & vocations that are licensed in the State. RICO investigates allegations of professional misconduct by licensees & also investigates possible unlicensed activity that may be occurring in the State. As an umbrella agency, RICO is tasked with handling a variety of cases & relies on assistance from Board-appointed Advisory Committee Members ("ACM"). ACMs are appointed by the various boards & commissions, & serve as experts to assist in licensing matters. ACMs may be consulted throughout the investigation process & their participation will vary depending on the type of case being investigated. For example, as part of an investigation to determine if an audit were deficient or fraudulent, an ACM may be asked to review records in office or on site or to observe interviews. In addition to time spent reviewing records or evidence, an ACM may be asked to testify in a formal proceeding. In addition to working with ACMs, RICO works closely with criminal law enforcement agencies that often work to assist the RICO office with reviewing cases. Assistance from a county, state, or federal enforcement agency may be in the form of forensic accounting & document analysis for authenticity or forgery. In an investigation involving data analytics, RICO would rely on a licensed ACM for review & expertise.
Idaho	Kent Absec	The Board would take various approaches to acquire the necessary expertise. We would first see if anyone from our Investigative Committee or Investigator frequently used by the Board would know of anyone they feel would have the expertise to investigate a matter involving data analytics. Board Staff would reach out to other Boards/EDs for potential referrals. We would also reach out to NASBA contacts for potential leads in this area. It would be our hope we would be able to put together a list of potential candidates to choose from to help us in this matter.
Illinois BOE	Russ Friedewald	N/A
Illinois DFPR	Katy Straub	Should the Illinois Department of Financial and Professional Regulation discover an audit failure involving data analytics, it would respond by assessing the issue and gathering pertinent information to inform an appropriate response.
Iowa	Robert Lampe	Hire a peer reviewer.
Kansas	Susan Somers	As we do with all investigatory matters, we would determine if a Board member had the necessary expertise. If no Board member has experience in that area, then an outside investigator would be engaged.

Louisiana	Darla Saux	We would likely reach out to qualified CPAs in the state.
Maine	Tracy Harding	We would seek to engage an audit firm with expertise in data analytics to assist us in our investigation. We expect that, were such a need to arise in the near future, we would likely need to engage a national firm.
Maryland	Arthur Flach	We would look to our administrative agency conducting peer review of that expertise.
Michigan	Michael Swartz	The Board relies on LARA for investigation purposes. LARA includes a CPA on all investigations and obtains CPA expert witness assistance when needed. Some of this expert witness assistance comes from CPA Board members while others are contracted with and used when necessary. The use of analytics may require more contracted expert witness assistance. While not a new assurance feature, the trend is that more data analytics will be handled by technology. This will require specialized knowledge to assess skills of CPAs and appropriateness of audits. The Board and LARA will work in concert on this area as needed.
Minnesota	Doreen Frost	We would have to hire a subject matter expert.
Mississippi	Andy Wright	Through contracting with subject matter experts.
Montana	Grace Berger	It would be the Department that would determine the expertise necessary for an investigation. More than likely, the Department would contract for such services.
Nevada	Viki Windfeldt	The Board felt it would be difficult to identify expertise in the area of data analytics considering this topic has yet to be defined in the professional standards. It would be difficult to determine what skills would be needed to evaluate audit failures where data might be part of the engagement. It also seemed as though peer review would need to evolve to include this topic in oversight. This would also require the firm to be able to substantiate the data that was used toward the audit. The Board would most likely look to the NASBA pool of investigators should this become an issue in the future.
New Mexico	Jeanette Contreras & C. Jack Emmons	In our experience, we would first have a Board member investigate the situation without any cost. If no one volunteered we would hire a qualified CPA to investigate the situation.
North Carolina	Bob Brooks	The Board would contact North Carolina State University, which has a data analytics program as part of the accounting program, and ask the retired Big Four Audit Partner, who assisted in developing the program and is a professor in the program, for his expertise.
North Dakota	Michael Schmitz	We would hire a consultant experienced in analytics.
Ohio	Tracey Fithen	At this point we are dependent upon our agent - the Ohio Society of CPAs - to provide us with this information.
Oklahoma	Randy Ross	Oklahoma would contract with outside professionals with experience in this area. All of our investigators are outside professionals.

Oregon	Martin Pittoni	This is not a discussion the Oregon Board has had per se. Should such a case reach the Board, we would approach our committee of volunteer CPAs on our Complaints Committee to determine how best to investigate the matter and how to access or contract for the resources necessary to investigate.
South Dakota	Nicole Kasin	The Board would like more content in order to answer this question. However, depending on the nature of the audit failure we could look to see if we have the expertise on our Board with our members or if we need to contract out to an expert.
Texas	William Treacy	We have a habit of hiring outside consultants following an extensive evaluation of available experts in the area of needed expertise.
Vermont	Gabriel Gilman	The Board is served by an umbrella agency, the Office of Professional Regulation (OPR) which investigates complaints with the assistance of assigned Board members, later recused from adjudication of the same case. An independent prosecutor brings licensing actions on behalf of the people of the State, and these are adjudicated by the Board, sitting in a quasi-judicial capacity. OPR investigators and prosecutors have the authority and resources to retain expert witnesses where necessary, and likely would find that necessary in a case involving an audit failure related to data analytics. More problematic for us is that qualified and willing experts can be hard to find, and there are practical limits to how much the Board could expend in enforcement costs if it were confronted with a series of expert-intensive data-analytics cases
Virginia	Wade Jewell	To date this has not yet become an issue, nor has the Board had any discussion about this issue. However, I would anticipate that we would look at several options, to include (1) first determining whether an existing or former Board member has the expertise; (2) reaching out to NASBA and inquiring about the Investigator or Expert Witness listings; (3) using the Virginia Society of CPAs as a resource; (4) checking with other State Boards of Accountancy; and (5) sending out an email to our licensees soliciting expertise. Moving forward, as data analytics takes a more prevalent role in audits, we could consider forming our own "investigator and expert witness" listing.
Washington	Charles Satterlund	We have developed contracts with subject matter experts and utilize them as needed.
Wyoming	Pam Ivey	The Board does not anticipate there would be a need for investigations involving data analytics owing to the relatively small size of its licensed firms; therefore, this situation may not apply. If the Board does ever encounter an investigation of an audit failure that involves data analytics, it would need to contract with a firm that would have expertise in that area.

BOARD/AFFILIATION	NAME	QUESTION 2. What type of training does your Board require investigators to undergo?
Alaska	Cori Hondlero	There is no "required" training that is Board specific. There are minimum qualifications (MQs) for the investigator position. The Board does support investigator attendance to the NASBA legal counsel training, but in recent years there have been funding issues.
Arkansas	Jimmy Corley	No formal requirement.
California	Aaron Bone	<p>The CBA requires its investigators, whether an ICPA or Enforcement Analyst, to attend two mandatory training seminars. The first training is a three-day seminar developed by The Counsel on Licensure, Enforcement and Regulation titled "National Certified Investigator/Inspection Training – Basic Program." The seminar is an introductory training and certification program in investigations and inspection techniques and procedures. The seminar covers topics, including professional conduct, principles of administrative law and the regulatory process, investigative process, principles of evidence, evidence collection, interview techniques, report writing, inspection procedures, and testifying.</p> <p>The second mandatory training is completion of the Department of Consumer Affairs's (DCA) Enforcement Academy. The DCA Enforcement Academy is a comprehensive program that covers topics, including an enforcement process overview, DCA's Division of Investigation, document and evidence gathering, compliance and field inspections/investigations, enforcement and disciplinary actions, and probation monitoring.</p> <p>The CBA also encourages investigative staff to participate in NASBA's Investigator Training Series. This six-part series covers the complaint process, investigative process, gathering documentation, interviewing techniques, report writing, and being an expert witness. The series is delivered via webcast and lasts approximately one hour.</p> <p>As part of the ICPAs' minimum qualifications for continued appointment to their respective positions, they must maintain an active license. They must complete a minimum of 80 hours of continuing education (CE) biennially. The CE completed by the ICPAs is focused on maintaining and increasing their technical skills in the various areas of public practice.</p> <p>Lastly, every year, management meets with staff to provide them with individual development plans designed to discuss performance evaluations and assist staff to grow in their State careers. This is a collaborative effort and oftentimes results in training and other activities that will help staff meet and exceed the CBA's job expectations and lay the foundation for future career goals.</p>
District of Columbia	Grace Yeboah Ofori	Basic and advanced investigative training such as CLEAR, ARELLO, AARO.
Florida	Veloria Kelly	The Board's investigative staff are required to complete the NASBA investigative training modules.

Georgia	Paul Ziga	NASBA Enforcement Training.
Hawaii	Lauren Kai	Due to budget restrictions, most of the training for RICO intake & field investigators occurs in-house. RICO conducts semi-annual in-house training sessions in different subject matters including accountancy, & relies heavily on Board members to assist with training. Additionally, RICO field investigators take advantage of training offered by criminal law enforcement agencies, especially in the area of financial crimes. RICO also sponsors training provided by the National White Collar Crime Center, a nonprofit, membership-affiliated organization comprised of state, local, federal, & tribal law enforcement & prosecutorial & regulatory agencies. RICO investigators may also attend training offered by a national licensing organization.
Idaho	Kent Absec	At this time, we do not have a specific training that we put investigators through. The Board has used the same investigator since before the current Executive Director came aboard and he is not aware of the training that may have taken place. As we do with our new members of our Investigative Committee, Board Staff and Legal Counsel, we would use the Investigator Training Series offered via the Enforcement Tools provided through the NASBA website.
Illinois BOE	Russ Friedewald	N/A
Illinois DFPR	Katy Straub	The Illinois Department of Financial and Professional Regulation hires, trains, and supervises investigators, not the advisory Public Accountant Registration and Licensure Committee. The Department provides its investigators with regular enforcement trainings, including best practices and updates to relevant law.
Iowa	Robert Lampe	We hire CPA investigators on a case-by-case basis, seeking qualified individuals based on the circumstances of each case.
Kansas	Susan Somers	All Board members meet with the Board's Executive Director and General Counsel to go over the procedures for investigations.
Louisiana	Darla Saux	None in particular. Our staff investigators work with each other and as liaisons with experienced Board members who are CPAs and have served as Investigative Officers. We also prefer that at least one staff investigator have a legal background, if not be licensed as an attorney. We have been fortunate to have licensed attorneys serve as one of our staff investigators since mid-2011. The Board pays for CLE and we have sent staff to CLEAR conferences.
Maine	Tracy Harding	No specific training is required. Our investigators are provided by the state attorney general's office. Individuals who are practicing attorneys would of course be subject to the CLE requirements of their licenses.
Maryland	Arthur Flach	At present we do not have the budget for an investigator.

Michigan	Michael Swartz	Investigations must involve a CPA. LARA monitors other expertise requirements and NASBA training is completed as needed.
Minnesota	Doreen Frost	They come with a finance background and often investigation. We send them to the CLEAR training and have them complete the NASBA training. Additionally, they work directly with the committee members on investigation.
Mississippi	Andy Wright	Review of NASBA Enforcement Tools, attendance at NASBA University and any NASBA Enforcement trainings, and one-on-one training with Executive Director.
Montana	Grace Berger	Investigators are not under the direction of the Board. The Department sends all investigators to CLEAR Basic training and then specialize depending on the area of investigations, such as certified fraud examiner.
Nevada	Viki Windfeldt	The Boards' investigators are all past Board members who have experience during their six years reviewing investigation-type actions. The Board requires their investigators to (1) maintain their license; (2) obtain continuing education in their specific areas of expertise as well as investigation topics; (3) attend CLEAR conferences; (4) take the NASBA training courses; and (5) attend NASBA Legal Counsel conferences.
New Mexico	Jeanette Contreras & C. Jack Emmons	Our investigator takes a variety of different training courses from Fred Pryor seminars to IPPRA and Open Meetings Act trainings.
North Carolina	Bob Brooks	The Board of Professional Standards staff has taken the basic and advanced training program presented by the Council of State Governments CLEAR Training.
North Dakota	Michael Schmitz	They must have training in the areas of practice that they would investigate plus must have significant real life experience in that area of practice.
Ohio	Tracey Fithen	Investigators undergo mandatory training in general investigative issues, and attend other investigation-based trainings as they are available.
Oklahoma	Randy Ross	Oklahoma requires all investigators to view the NASBA investigator series and verify to the Board that they have viewed the series. It is a clause in every contract with investigators.
Oregon	Martin Pittioni	Currently, the Board requests investigators to hold a CPA credential and maintain that on an active basis. This will become a requirement on July 1, 2017. Both investigators now hold such a credential and training. The Director expects the investigators to take CPE in areas of the practice they are less familiar with to maintain a broad exposure to the industry. In addition, investigators are expected to complete the CLEAR National Certified Investigator and Inspector Training (NCI) Basic and Specialized programs. Each are three-day, hands-on training and certification programs in investigation and inspection techniques and procedures with testing to certify competency. Both CPA investigators in Oregon have completed this program. Beyond the above, our investigators

		receive training in public law and public records law, and contested case procedures. There is also a basic training in investigation process and investigation report format that applies to all staff and contract investigators.
South Dakota	Nicole Kasin	The Board does not have an investigator position. The Executive Director oversees the investigations. She attended CLEAR basic and advanced investigator training when hired.
Texas	William Treacy	We require a law license of our investigators as well as continuing professional education seminars and a familiarization with accounting principles.
Vermont	Gabriel Gilman	By statute, all investigators must be Level III law enforcement officers. This is relatively intensive training in respect to forensics, evidence gathering, interviewing, and other law-enforcement functions. But investigators are not legally required to be specially trained in accounting. Instead, they are partnered on each case with an assigned Board member, who provides accounting expertise. Were accountancy-specific training for law enforcement available, we likely would send investigative staff.
Virginia	Wade Jewell	In-house training and NASBA's Investigator Training Series.
Washington	Charles Satterlund	On staff investigators undergo NASBA classes and attend State training for investigators.
Wyoming	Pam Ivey	Board members are offered training through the Governor's website, NASBA's investigation training modules and training offered by the Attorney General's Office.

BOARD/AFFILIATION	NAME	QUESTION 3. In brief, what are your Board's thoughts on the revised AICPA paper on administering the Peer Review Program?
Alaska	Cori Hondolero	Revised draft (January 17) will be included in the Board packet for the upcoming February Board meeting.
Arkansas	Jimmy Corley	We still have concerns about the cost factor, specifically the requirement that a CPA must be on staff. We also believe the implementation timeline is too aggressive.
California	Aaron Bone	The Peer Review Oversight Committee (PROC) performed an initial review of the revised AICPA paper on administering the Peer Review Program at its February 2017 meeting. The PROC will continue discussing this topic at its May 5, 2017 meeting. The CBA will consider the PROC's recommendations at its May 18-19, 2017 meeting and determine whether to issue a comment letter to the AICPA.
District of Columbia	Grace Yeboah Ofori	No comments at this time.
Florida	Veloria Kelly	The Board is still reviewing the paper, but expects to provide comments prior to the June deadline.
Georgia	Paul Ziga	The Board is pleased that the Georgia Society will continue as our AE and not be affected by any changes (that we are aware of).
Hawaii	Laureen Kai	The Board continues to review and work through the AICPA paper.
Idaho	Kent Absec	The Board has not formally put together their thoughts on the most recent revision of the AICPA paper. The Board is scheduled to meet and discuss on April 26 th .
Illinois BOE	Russ Friedewald	N/A
Illinois DFPR	Katy Straub	The advisory Public Accountant Registration and Licensure Committee will be discussing the revised AICPA paper at its next regularly scheduled meeting.
Iowa	Robert Lampe	Iowa peer review was outsourced to Illinois some time ago. The program works well.
Kansas	Susan Somers	As with the previous paper on the administration of the Peer Review Program, we are concerned and cautious, although the Board believes the revision provided significant improvements to the proposed discussion.
Louisiana	Darla Saux	The Board has not discussed the revised AICPA paper in detail yet; that will be on its April meeting agenda.
Maine	Tracy Harding	We are generally supportive of peer review process improvements that improve audit quality. We plan to write a comment letter on the proposal, and in that document will encourage the AICPA to seek improvements that have demonstrated positive impact on audit quality (e.g., best practices gleaned from AEs that have had high quality peer review results).
Maryland	Arthur Flach	Very supportive of revised AICPA paper. We were not supportive of prior iteration.

Michigan	Michael Swartz	No strong comments at this time. We are watching the efforts of NASBA and the MICPA as this change maps out. We feel confident in the MICPA administrating the peer review program for our state.
Minnesota	Doreen Frost	Still being discussed.
Mississippi	Andy Wright	Our Board is satisfied with the administration of peer review by our state society. Our PROC annual review has consistently found our state society's performance as administrator of peer review to be in compliance with both peer review standards and Board Rules.
Montana	Grace Berger	The Board is still analyzing the newest draft. They do plan on submitting comments.
Nevada	Viki Windfeldt	The Board is in the process of commenting on the second draft of the Peer Review Evolution document. The Board's first comment letter included many areas where the evolution concept needed improvement.
New Mexico	Jeanette Contreras & C. Jack Emmons	We had prepared a response to the draft paper explaining our concerns with some of the points. Since then, New Mexico has transferred the administration to Colorado which appears to be working.
North Carolina	Bob Brooks	The Board has received the exposure draft and will be responding to it by the deadline.
North Dakota	Michael Schmitz	We are concerned about the lack of local control. Our peer review process and Report Acceptance Body (RAB) have always received favorable reports when it has been the subject of oversight. It feels like a little over kill.
Ohio	Tracey Fithen	The opinion of the Executive Director is that the proposal lacks enough specifics to give a definitive response.
Oklahoma	Randy Ross	The revisions are a big improvement from the initial proposal. We are still digesting and formulating questions.
Oregon	Martin Pittioni	The Oregon Board will take this matter up on May 15, 2017.
South Dakota	Nicole Kasin	It is an improvement from the original draft, but there are still concerns with the exposure draft.
Texas	William Treacy	General agreement.
Vermont	Gabriel Gilman	The Board is watching with interest, but has few thoughts that have not been expressed in previous focus surveys.
Virginia	Wade Jewell	The Board to date has not had any formal discussion about the paper. This will be an agenda topic for the April 27, 2017 Board meeting.
Washington	Charles Satterlund	We have concerns, mainly focused on how these changes will affect small firms.
Wyoming	Pam Ivey	The Board is considering a response and will finalize it after April 15.

BOARD/AFFILIATION	NAME	QUESTION 4. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?
Alaska	Cori Hondolero	<p>The Board may have draft legislation out during this session.</p> <p>The Board is currently trying to find a friendly legislator and will discuss more at their upcoming meeting.</p>
Arkansas	Jimmy Corley	<p>We were finally able to pass legislation requiring peer review for those licensees who issue attest reports.</p> <p>We also passed a bill that updates the definition of attest.</p>
California	Aaron Bone	<p>In July 2016, the California Board of Accountancy adopted regulations to require prescribed CE for licensees who perform preparation engagements as their highest level of service. It is anticipated that the regulations will be finalized in 2017.</p> <p>In July 2016, the CBA approved a regulatory proposal to require only corporations, partnerships, and sole proprietors to report peer review information at the time of renewal, thus excluding licensees who are employees of a corporation or partnership, or those with an inactive or retired status license. The CBA will conduct a public hearing on this regulatory proposal at a future date.</p> <p>In March 2017, the CBA approved proposed regulations to allow nano learning and blended learning delivery methods and to authorize CE credit to be earned in one-fifth increments. The proposed regulatory language will be presented to the CBA at a future date.</p> <p>NASBA's Maria Caldwell will be attending the CBA's Mobility Stakeholder Group meeting on May 18, 2017 to provide an update on the status of the 10 states not yet substantially equivalent with NASBA's Guiding Principles of Enforcement. The CBA must submit a report to the California State Legislature by January 1, 2018 regarding its practice privilege program, including a determination by the CBA whether the current program provides more, less, or equivalent consumer protection than the previous program.</p>
District of Columbia	Grace Yeboah Ofori	<p>We are currently conducting CPE audits.</p> <p>The Board wishes to increase its outreach efforts this year by planning to have Board meetings at several College or University campuses in the District. First on the list is Howard University on October 6, 2017.</p> <p>The Board is currently reviewing our existing regulations to make some needed changes.</p>
Florida	Veloria Kelly	<p>The Florida Board is considering changes to their education and accreditation rules have noticed for rule development Rule 61H1-27.001 and 61H1-27.002.</p>
Georgia	Paul Ziga	<p>Georgia is cracking down on unlicensed firms and licensees who are non-compliant with CPE requirements.</p>

Hawaii	Laureen Kai	The Board continues to work at implementing mandatory peer review.
Idaho	Kent Absec	The Board, along with the Idaho Society, put forth legislation to change our definition of attest during this past legislative session. The bill passed unanimously in both the House and Senate and is currently sitting on the Governor's desk waiting for his signature.
Illinois BOE	Russ Friedewald	Like most states, I am sure, we are experiencing a very heavy workload of applications and evaluations in an attempt to sit for the CPA Exam prior to the April 1 st launch date. We allow students to sit during their final term in school which is usually the spring term.
Illinois DFPR	Katy Straub	(1) Illinois is implementing online licensing for the CPA profession, which will result in shorter processing times and increased customer satisfaction; (2) Pending legislation in Illinois to enact CPA firm mobility; (3) Pending legislation in Illinois to enact full CPE reciprocity (currently, Illinois has partial CPE reciprocity); and (4) Pending legislation in Illinois to create a full-time CPA coordinator position within the Department of Financial and Professional Regulation.
Iowa	Robert Lampe	Iowa is in the process of adopting, in part, the AICPA Code of Ethics.
Kansas	Susan Somers	We just went through hearings on the Board's budget FY 2018 and 2019. The Budget bills have not been taken up for either the full House or Senate, but the Board's requests were upheld in committees.
Louisiana	Darla Saux	We are near the end of adopting final proposed rule changes to align rules with statute changes adopted last year. We are also in the 2 nd year of new CPE reporting rules, and hopeful it will go as smooth as the 1 st year of reporting. The Legislature goes into session today (April 10) for the start of a 2-month marathon as it attempts to corral the state's fiscal woes and avoid a major fiscal cliff next year; we hope it goes well and we come out with no adverse impact.
Maine	Tracy Harding	Following issuance of NASBA's final Model Rules related to CPE, we plan to initiate rulemaking in this area.
Maryland	Arthur Flach	Appeal bond legislation; sales tax on services; Comparative Fault.
Michigan	Michael Swartz	We are coordinating efforts with the new Michigan Bureau of Medical Marijuana Regulation to provide guidelines for CPAs to serve clients in the industry. This area is very dependent on Federal oversight and enforcement. Our position could change if the Federal effort becomes more restrictive.
Mississippi	Andy Wright	We are welcoming a new Board Member, David Bridgers, CPA, of Vicksburg. Ransom Jones has retired and Andy Wright has been appointed Executive Director as of March 1, 2017.

		We are monitoring pending legislation, including one bill in our legislature that would create an "Occupational Licensing Review Commission" to actively supervise our Board and others in the adoption of Rules and Regulations.
Montana	Grace Berger	Current legislation includes a bill addressing active supervision of firm mobility.
Nevada	Ylki Windfeldt	The Board is currently addressing various legislative bills during the 2017 Legislative Session.
New Mexico	Jeanette Contreras & C. Jack Emmons	The law changes are at the legislature for "attest" and "firm mobility". We are hopeful they will pass. The legalization of recreational marijuana is also at the legislator. If passed, it can affect our Accounting Board. Lastly, budget shortfalls have caused a hiring freeze and traveling freeze.
North Carolina	Bob Brooks	The Board approved its Strategic Plan Objectives (6) after two strategic planning sessions facilitated by Ed Barnicott of NASBA.
North Dakota	Michael Schmitz	We are in the process of reviewing our rules for regulating CPE and fees. A few cleanups of language are also occurring.
Ohio	Tracey Fithen	Currently, no new law/rules are in the pipeline. We are working at updating our licensing system through the state.
Oklahoma	Randy Ross	At this time, like many states, we are dealing with our legislative session. Many proposals have been floated including: prohibiting licensing agencies from barring convicted felons regardless of type of felony; consolidation proposals; total deregulation of the profession; and various proposals to address the North Carolina dental case.
Oregon	Martin Pittioni	The Board is making progress in reducing its case backlog, and is excited that its budget proposal for 2017-19 is proceeding smoothly with a package that improves its investigator positions by re-classifying them to require CPA credentials and improve compensation accordingly. The state is beginning to undertake significant cuts in its budget – a hiring freeze is in effect as of May 1, 2017, and at this time it appears likely that the Board will be able to avoid impacts on its upcoming annual renewal season.
Texas	William Treacy	Texas is undertaking an update survey regarding the use of titles and how that may mislead or confuse the public.
Vermont	Gabriel Gilman	The Board is supporting statutory and regulatory amendments more consistent with the UAA and Model Rules. (a) In statute, this means updating the definition of "attest." (b) In regulation, the Board is: i - exploring a standard format that matches those in other regulated professions;

		<ul style="list-style-type: none"> ii - weighing the costs and benefits of requiring a social security number and/or affirmation of intent to practice in state; iii - simplifying CPE requirements and allowing for fractional-hour credit toward micro-learning activities; and iv - simplifying peer review and facilitated State Board access.
Washington	Charles Satterlund	<p>We are looking to perform additional outreach and develop performance measures regarding the sufficiency of the pipeline.</p>
Wyoming	Pam Ivey	<p>A bill is in process in the legislature to revise the Board's practice act to allow Examination applicants to qualify to sit for the Exam as a Wyoming candidate with a bachelor's degree. There is no change proposed to the statute related to certification.</p> <p>The Board is open to granting approval for candidate requests for score extensions when candidates are impacted by the 10-week score delay associated with the next version of the Exam.</p> <p>Two extension requests have been approved.</p> <p>The Board terminated its licensing system contract with GL Solutions, Inc. The staff will research other options for consideration by the Board.</p>

BOARD/AFFILIATION	NAME	QUESTION 5. Can NASBA be of any assistance to your Board at this time?
Alaska	Cori Hondolero	The Board appreciates NASBA's continued assistance with scholarships for Board members/staff to be able to participate/attend NASBA meetings/trainings.
California	Aaron Bone	The CBA offices relocated on Monday, April 10, 2017. Any assistance NASBA could provide in notifying other state boards/jurisdictions of the new address would be very helpful. All telephone, fax, and email addresses will remain the same. California Board of Accountancy 2450 Venture Oaks, Suite 300 Sacramento, CA 95833
		Staff will be revising the CBA's Communication and Outreach Plan to incorporate video technology, enhance social media use, and develop new and deeper relationships with organizations that can help achieve its consumer protection mission. CBA staff will be contacting NASBA for assistance with the development of this plan.
District of Columbia	Grace Yeboah Ofori	We will be conducting an offsite Board meeting at Howard University on October 6, 2017. We would love to have a speaker from NASBA talk about the new CPA Examination and the services that NASBA offers.
Hawaii	Laureen Kai	Yes, the Board very much appreciates NASBA's continued assistance with research initiatives and with financial support for scholarships to attend meetings and conferences.
Illinois DFPR	Katy Straub	The Department of Financial and Professional Regulation looks forward to continuing its dialogue with NASBA surrounding the rollout of NASBA's CPE tracker program, and is appreciative of NASBA's responsiveness throughout the process.
Louisiana	Darla Saux	Continue to work on CPE Tracking Tool for demo and review. We also appreciate the interest in looking at an enforcement/license database for State Boards.
Maine	Tracy Harding	We will likely run our proposed CPE rulemaking wording by NASBA. Once revisions to AICPA peer review requirements are finalized, we would like to resume the discussion about PROC options for New England Peer Review.
Michigan	Michael Swartz	A NASBA representative will be attending a future Board meeting.
Mississippi	Andy Wright	Keep us informed of progress on CPE Reporting/Auditing Tool. Possible help with transitional issues if legislation were to have a major impact on us.
Nevada	Viki Windfeldt	The Board is very proactive in asking NASBA for support as various matters come up. We will continue this and appreciate all of the support that NASBA provides.

New Mexico	Jeanette Contreras & C. Jack Emmons	Pat Hartman is currently supplying the PowerPoint for our presentation to accounting students. John Johnson is advising us on our law changes. The Board appreciates their assistance.
North Dakota	Michael Schmitz	We are looking for a method of tracking CPE when there is a rotating schedule of some requirements.
Ohio	Tracey Fithen	NASBA has been of great assistance with our newsletter and email blasts and we are exploring the possibility of NASBA's assistance with social media.
Oklahoma	Randy Ross	If some issue rises to a critical level, the ability for NASBA to appear at a hearing or provide information to legislative leaders is always appreciated.
Oregon	Martin Pittioni	No known issues where NASBA assistance would be necessary or critical. Day-to-day support from NASBA staff remains excellent.
Vermont	Gabriel Gilman	We have no particular needs at this time. NASBA has been an excellent resource in rulemaking. In general, accountancy-specific investigator trainings would be useful, as would coordinated efforts at establishing a bullpen of impartial expert witnesses qualified in data analytics and other particularly technical areas of enforcement.
Virginia	Wade Jewell	Continued assistance with producing videos.
Washington	Charles Satterlund	I have considered consulting with CPT regarding outreach efforts, particularly to students.
Wyoming	Pam Ivey	The Board and its staff explore the leadership at NASBA to please consider offering licensing management system services to member boards. The Board fully expects to be charged for such services and the need for a trusted vendor/partner to offer this sort of product is acute for some.

BOARD/AFFILIATION	NAME	QUESTION 6. NASBA 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.
Alaska	Cori Hondolero	Input from Board Chair and Executive Director
Arkansas	Jimmy Corley	Input only from Executive Director
California	Aaron Bone	Input only from Executive Director
District of Columbia	Grace Yeboah Ofori	Input from Staff and Executive Director
Florida	Veloria Kelly	Input only from Executive Director
Georgia	Paul Ziga	Input only from Executive Director
Hawaii	Laureen Kai	Input from all Board Members and Executive Director
Idaho	Kent Absec	Input only from Executive Director
Illinois BOE	Russ Friedewald	Input only from Executive Director
Iowa	Robert Lampe	Input only from Executive Director
Illinois DFPR	Katy Straub	Compiled by legal counsel with input from Division Director and committee liaison
Kansas	Susan Somers	Input from some Board Members and Executive Director
Louisiana	Darla Saux	Input only from Executive Director
Maine	Tracy Harding	Input from all Board Members and Executive Director
Maryland	Arthur Flach	Input only from Board Chair
Michigan	Michael Swartz	Input from Board Chair and Executive Director
Minnesota	Doreen Frost	Input from some Board Members and Executive Director
Mississippi	Andy Wright	Input from all Board Members and Executive Director
Montana	Grace Berger	Input from all Board Members and Executive Director
Nevada	Viki Windfeldt	Input from all Board Members and Executive Director
New Mexico	Jeanette Contreras & C. Jack Emmons	Input from Board Chair and Executive Director
North Carolina	Bob Brooks	Input from all Board Members and Executive Director
North Dakota	Michael Schmitz	Input from Board Chair and Executive Director
Ohio	Tracey Fithen	Input only from Executive Director
Oklahoma	Randy Ross	Input from all Board Members and Executive Director
Oregon	Martin Pittioni	Input from Board Chair and Executive Director
South Dakota	Nicole Kasin	Input from all Board Members and Executive Director
Texas	William Treacy	Input only from Executive Director

Vermont	Gabriel Gilman	Input from all Board Members and Executive Director
Virginia	Wade Jewell	Input from all Board Members and Executive Director
Washington	Charles Satterlund	Input only from Executive Director
Wyoming	Pam Ivey	Input from all Board Members and Executive Director

4.17.17

**Approved for exposure for comment by NASBA Board of Directors
On January 6, 2017**

Comment deadline: April 17, 2017
Send comments to lhaberman@nasba.org

**Draft Model Rules for Continuing Professional Education (CPE)
as approved by the UAA Committee on December 20, 2016**

ARTICLE 3 – DEFINITIONS

Rule 3-4 – Continuing Professional Education (CPE).

Continuing Professional Education (CPE) is an integral part of the lifelong learning required to provide competent service to the public. It is the set of activities that enables CPAs to maintain and improve their professional competence.

Rule 3-5 - CPE reporting period.

A “CPE reporting period” is the period of time as to which a licensee must report or attest to the completion of CPE requirements to the Board of Accountancy.

Rule 3-6 - Subject matter expert.

A “subject matter expert” is a person who is an authority in a particular area or topic. A subject matter expert is involved in developing CPE materials where knowledge expertise is needed.

Rule 3-7 - Technical committee.

A “technical committee” is a committee that serves as a resource to identify issues regarding the practice of accountancy and develop technical or policy recommendations on those issues.

Rule 3-8 - Technical fields of study.

“Technical fields of study” are technical subjects that contribute to the competence of a CPA in the profession of accountancy and that directly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) Accounting;
- (b) Accounting (Government);
- (c) Auditing;
- (d) Auditing (Government);
- (e) Business Law;
- (f) Economics;
- (g) Finance;
- (h) Information Technology;

- (i) Management Services;
- (j) Regulatory Ethics;
- (k) Specialized Knowledge;
- (l) Statistics; and
- (m) Taxes.

Rule 3-9 - Non-technical fields of study.

“Non-technical fields of study” are subjects that contribute to the competence of a CPA in areas that indirectly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) Behavioral Ethics;
- (b) Business Management & Organization;
- (c) Communications and Marketing;
- (d) Computer Software & Applications;
- (e) Personal Development;
- (f) Personnel/Human Resources; and
- (g) Production.

**ARTICLE 6 – ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES AND REGISTRATIONS,
CONTINUING PROFESSIONAL EDUCATION AND RECIPROCITY**

Rule 6-1 - Applications.

No proposed change to current rule. Not within scope of project.

Rule 6-2 – Experience required for initial certificate.

No proposed change to current rule. Not within scope of project.

Rule 6-3 – Evidence of applicant’s experience.

No proposed change to current rule. Not within scope of project.

Rule 6-4 – CPE requirements for renewal of the certificate or registration.

The following requirements of CPE apply to the renewal of certificates and registrations pursuant to Section 6(d) of the Act.

- (a) An applicant seeking renewal of a certificate, registration or license from a Board shall assert in a manner acceptable to the Board, that the applicant for renewal meets all of the following CPE requirements:
 - (1) Completion of qualifying CPE during the CPE reporting period that averages no fewer than forty (40) credits of qualified CPE, including an average of two (2) credits of qualifying ethics CPE, for each annual period included in the CPE reporting period; and

- (2) Completion of a minimum of twenty (20) credits of qualifying CPE during each annual period included in the CPE reporting period.
- (3) Completion of a minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period in technical fields of study.

Qualifying subject areas for CPE are categorized as either technical or non-technical fields of study as set forth in Rules 3-8 and 3-9 above. Subjects other than technical and non-technical fields of study may be acceptable for CPE if the licensee can demonstrate to the satisfaction of the Board that such subjects or specific programs contribute to the maintenance of the licensee's professional competence.

(b) A person who obtains a certificate, registration or license for the first time shall complete at least forty (40) credits of acceptable CPE during the first full annual period following the year in which the original certificate, registration or license was obtained. There is no provision for carry-over from an annual period in which CPE was not required.

(c) An applicant whose certificate, registration or license has lapsed or has been suspended shall complete qualifying CPE that averages no fewer than forty (40) credits of qualified CPE, for each annual period included in the CPE reporting period preceding the date of reapplication, not to exceed a total of one hundred twenty (120) credits. An applicant whose certificate or registration has lapsed or has been suspended shall be required to identify and complete a program of learning designed to demonstrate the currency of the licensee's competencies directly related to his or her area of practice.

(d) Licensees granted an exception from the competency requirement by the Board may discontinue use of the word "inactive" or "retired" in association with their license upon showing that they have completed qualifying CPE that averages no fewer than forty (40) credits of qualified CPE for each annual period included in the CPE reporting period preceding the request to discontinue use of the word "inactive" or "retired," not to exceed a total of one hundred twenty (120) credits.

(e) Upon request by the Board, the applicant for renewal shall provide proof of completion or other evidence acceptable to the Board that supports the assertion by the applicant that the applicant has met the CPE renewal requirements. If the Board so requests, the applicant shall also submit an explanation of how any portion of CPE credits for renewal questioned by the Board relate to the applicant's continuing professional competence.

(f) For a certificate, registration or license that has been lapsed, suspended or inactive for a period of five (5) years or more, the Board has the discretion to determine the number and type of CPE credits as a requirement for reinstatement.

Rule 6-5 –Activities qualifying for CPE credit.

CPE activities are learning opportunities that contribute directly to a licensee’s knowledge, ability and/or competence to perform his or her professional responsibilities. CPE activities should address the licensee’s current and future work environment, current knowledge and skills and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities.

(a) The following learning activities shall qualify for CPE credit:

- (1) A learning activity that complies with the Statement on Standards for Continuing Professional Education (CPE) Programs, issued jointly by the AICPA and NASBA, and is coordinated and presented by a qualifying CPE program sponsor as set forth below in Rule 6-5 (b).

The sources of qualifying learning activities include but are not limited to the following:

- (A) Group Programs;
 - (B) Self-Study Programs;
 - (C) Blended Learning Programs;
 - (D) Nano-Learning Programs;
 - (E) Instructor/Developer of CPE programs in (A) through (D) above or in (2) and (4) below;
 - (F) Technical Reviewer of CPE programs in (A) through (D) above or in (2) and (4) below; and
 - (G) Independent Study.
- (2) A college or university course that is coordinated and presented by a qualifying university or college as set forth in Rule 6-5 (b)(2) below, and is in a qualifying subject area as set forth in Rule 6-4 (a) above;

No CPE credit shall be permitted for attending or instructing college or university courses considered to be basic or introductory accounting courses or CPA exam preparation/review courses.

- (3) Authorship of published articles, books and other publications relevant to maintaining professional competence.
- (4) A group learning activity that is coordinated and presented by a person, firm, association, corporation or group, other than a qualifying learning program sponsor as defined in Rule 6-5 (b) below. These programs are generally related

to topics of the specialized knowledge field of study by persons or organizations with expertise in these specialized industries.

- (5) Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in accounting or tax compliance.

(b) The following are deemed to be qualifying CPE program sponsors:

- (1) The AICPA and state CPA societies;
- (2) Universities or colleges accredited at the time the CPE program was delivered by virtue of accreditation by an organization recognized by the Council for Higher Education Accreditation as a specialized, professional, or regional accrediting organization;
- (3) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors; and
- (4) Persons, firms, associations, corporations or other groups that are recognized by the Board.

(c) Acceptable evidence for completion of qualifying learning activities shall include the following:

- (1) For programs or courses as set forth in Rule 6-5 (a) (1) and (2), acceptable evidence should include a certificate of completion or transcript issued by the qualifying learning program sponsor.
- (2) For activities set forth in Rule 6-5 (a) (3), acceptable evidence may include a copy of the publication that names the licensee as author or contributor; a statement from the licensee supporting the number of CPE credits claimed; and the name and contact information of the independent reviewer(s) or publisher.
- (3) For programs or courses as set forth in Rule 6-5 (a) (4), acceptable evidence may include a certificate of attendance or other verification supplied by the program sponsor. If a certificate of attendance or other verification is not available, then acceptable evidence shall include copies of the course agenda, program materials, or other documents attributable to the learning activity.

- (4) For activities set forth in Rule 6-5 (a) (5), acceptable evidence shall include a written certificate of the licensee setting forth all of the following:
- (A) The nature of the activity (e.g., topic or specific new competency acquired), the items discussed and the source/materials considered.
 - (B) The dates on which the learning activity occurred.
 - (C) The number of CPE credits attributed to the learning activity.
 - (D) Details of the relevance of the learning activity to the participant's current or future professional development.

Rule 6-6 – Continuing professional education records.

(a) Computation of CPE credits.

Each approved CPE course, program, or activity shall be measured by program length, with one 50-minute period equal to one CPE credit.

(1) Computation of CPE credits for qualifying CPE programs shall be as follows:

- (A) Group programs, independent study and blended learning programs – A minimum of one credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.
- (B) Self-study – A minimum of one-half credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.
- (C) Nano-learning – The credit to be earned for a single nano-learning program is one-fifth credit.
- (D) For blended learning programs included in Rule 6-5 (a)(1)(C), CPE credit must equal the sum of the CPE credit determination for the various completed components of the program.
- (E) An instructor/developer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor/developer CPE credit.

- (F) A technical reviewer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual review time up to the actual number of CPE credits for the learning activity. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for technical reviewer CPE credit.
- (G) Authors of published articles, books and other publications may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. For the author to receive CPE credit, the article, book or CPE program must be formally reviewed by an independent party. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for author CPE credit.
- (H) For courses that are part of the curriculum of a university, college or other educational institution, each semester hour credit shall equal fifteen (15) CPE credits, and each quarter hour shall equal ten (10) CPE credits.

For non-credit courses, CPE credit shall equal actual time in class.

CPE credit for instructing a college or university course shall be twice the credit that would have been granted participants for the first presentation of a specific course or program and none thereafter, except if the course content has been substantially revised. To the extent a course has been substantially revised, the revised portion shall be considered a first presentation. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor CPE credit.

- (I) Not more than twenty-five percent (25%) of the total qualifying CPE credits for a CPE reporting period may consist of a combination of the learning activities defined in Rule 6-5 (a) (4) and (5).

(b) CPE records.

An applicant seeking renewal of a certificate, registration or license from the Board shall, as a prerequisite for such renewal, certify in a manner acceptable to the Board, that the applicant for renewal meets all of the CPE requirements set forth in Rule 6-4 above. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant who should retain such documentation for the longer of a period of five years or two reporting periods following completion of each learning activity.

The Board will verify, on a test basis, information submitted by applicants for renewal of a certificate, registration or license. In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured or seek disciplinary action, at the Board's discretion. Fraudulent reporting is a basis for disciplinary action.

Rule 6-7 –CPE Reciprocity.

A non-resident licensee seeking renewal of a certificate in this state shall be determined to have met the CPE requirement (including the requirements of Rule 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal place of business is located.

(a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement to that effect on the renewal application of this state.

(b) If a non-resident licensee's principal place of business state has no CPE requirements for renewal of a certificate, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in this state.

Rule 6-8 – Exceptions.

Not within scope of this task force's project.

Rule 6-9 – Interstate practice.

Not within scope of this task force's project.

Rule 6-10 – International reciprocity.

Not within scope of this task force's project.

Rule 6-11 – Peer review for certificate holders who do not practice in a licensed firm.

Not within scope of this task force's project.

NASBA

National Association of State Boards of Accountancy



AICPA®

May 15, 2017

Dear State Board and Society Members, Regulators, CPAs and other interested parties:

The AICPA and NASBA have been working to develop new language which, if adopted, would clearly allow non-CPAs to assume or use management accounting designations with certain caveats and restrictions. Recently there has been disagreement about what may or may not be prohibited under Section 14 of the Uniform Accountancy Act (<http://www.aicpa.org/Advocacy/State/DownloadableDocuments/UAASeventhEdition.pdf>) as it relates to the use of management accounting designations by non-CPAs including examples such as Chartered Global Management Accountants (CGMA) and Certified Management Accountants (CMA).

Section 14 (g) currently states:

No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," or any other title or designation likely to be confused with the titles "certified public accountant" or "public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviation likely to be confused with the abbreviations "CPA" or "PA." The title "Enrolled Agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

Section 14(h) currently states:

(1) Non-licensees may not use language in any statement relating to the financial affairs of a person or entity which is conventionally used by licensees in reports on financial statements or any attest service as defined herein. In this regard, the Board shall issue safe harbor language non-licensees may use in connection with such financial information.

(2) No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use any title or designation that includes the words "accountant," "auditor," or "accounting," in connection with any other language (including the language of a report) that implies that such person or firm holds such a certificate, permit, or registration or has special competence as an accountant or auditor, provided, however, that this subsection does not prohibit any officer, partner, member, manager or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds therein nor prohibit any act of a public official or employee in the performance of the person's duties as such.

NASBA and AICPA agree that it is in the profession's and the public's interest to have a model accountancy act. A disagreement in interpretation of Section 14 does not serve the profession or its regulators well.

In light of this, new UAA language that explicitly allows for the use of management accounting designations in both public accounting and in other ways if it meets certain important criteria is being exposed for consideration and comment. Both the AICPA and NASBA are eager to receive all stakeholders' input regarding the proposed language and concept.

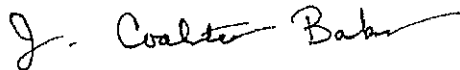
After serious debate with differing viewpoints expressed, the AICPA/NASBA UAA Committee voted to bring this language to the Boards of Directors for them to approve exposing it for public comment. In April both the NASBA Board and the AICPA Board approved exposing the language publicly until September 30, 2017. The language under consideration is the new Section 14(q) which is double underscored at the end of this document

Again, please note: This is not the end of the process, but an important step in gathering valuable feedback from stakeholders before deciding whether or not to make this UAA change.


After we hear from state boards, state societies, and other interested parties during the comment period, our procedure is to have the AICPA/NASBA UAA Committee reconvene and review those comments, incorporate any appropriate edits, and then make a final recommendation to the NASBA and AICPA Boards this fall regarding whether to adopt this language, a modified version, or return the topic to the AICPA and NASBA for further discussion.

The UAA Committee would appreciate receiving your input in the form of comment letters submitted by September 30, 2017 to lhaberman@nasba.org or sjolicoeur@aicpa-cima.com.

Sincerely,



J. Coalter Baker, CPA
Chair, NASBA UAA Committee



Debbie Lambert, CPA
Chair, AICPA UAA Committee

SECTION 14

UNLAWFUL ACTS

- (a) **Only licensees and individuals who have practice privileges under Section 23 of this Act may issue a report on financial statements of any person, firm, organization, or governmental unit or offer to render or render any attest or compilation service, as defined herein. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties as such; or prohibit the performance by any non-licensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. Non-licensees may prepare financial statements and issue non-attest transmittals or information thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS).**

COMMENT: This provision, giving application to the definition of attest in Section 3(b) and report in Section 3(r) above, is the cornerstone prohibition of the Uniform Act, reserving the performance of those professional services calling upon the highest degree of professional skill and having greatest consequence for persons using attested information--namely, the audit function and other attest and compilation services as defined herein -- to licensees. It is so drafted as to make as clear and emphatic as possible the limited nature of this exclusively reserved function and the rights of unlicensed persons to perform all other functions. Consistent with Section 23, individuals with practice privileges may render these reserved professional services to the same extent as licensees.

This provision is also intended to extend the reservation of the audit function to other services that also call for special skills and carry particular consequence for users of such other services, albeit in each respect to a lesser degree than the audit function. Thus, reserved services include the performance of compilations and reviews of financial statements, in accordance with the AICPA's Statements on Standards for Accounting and Review Services, which set out the standards to be met in a compilation or review and specify the form of communication to management or report to be issued. Also reserved to licensees are attestation engagements performed in accordance with Statements on Standards for Attestation Engagements which set forth the standards to be met and the reporting on the engagements enumerated in the SSAEs. The subsection is intended to prevent issuance by non-licensees of reports or communication to management using that standard language or language deceptively similar to it. Safe harbor language which may be used by non-licensees is set out in Model Rule 14-2.

- (b) **Licensees and individuals who have practice privileges under Section 23 of this Act performing attest or compilation services must provide those services in accordance with applicable professional standards.**

- (c) **No person not holding a valid certificate or a practice privilege pursuant to Section 23 of this Act shall use or assume the title "certified public accountant," or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant.**

COMMENT: This subsection prohibits the use by persons not holding certificates, or practice privileges, of the two titles, "certified public accountant" and "CPA," that are specifically and inextricably tied to the granting of a certificate as certified public accountant under Section 6.

- (d) **No firm shall provide attest services or assume or use the title "certified public accountants," or the abbreviation "CPAs," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is a CPA firm unless (1) the firm holds a valid permit issued under Section 7 of this Act, and (2) ownership of the firm is in accord with this Act and rules promulgated by the Board.**

COMMENT: Like the preceding subsection, this one restricts use of the two titles "certified public accountants" and "CPAs," but in this instance by firms, requiring the holding of a firm permit to practice unless they qualify for exemption as explained in Section 14(p). It also restricts unlicensed firms from providing attest services.

- (e) **No person shall assume or use the title "public accountant," or the abbreviation "PA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a public accountant unless that person holds a valid registration issued under Section 8 of this Act.**

COMMENT: This subsection, and the one that follows, reserve the title "public accountant" and its abbreviation in the same fashion as subsections (c) and (d) do for the title "certified public accountant" and its abbreviation. The two provisions would of course only be required in a jurisdiction where there were grandfathered public accountants as contemplated by Section 8.

- (f) **No firm not holding a valid permit issued under Section 7 of this Act shall provide attest services or assume or use the title "public accountant," the abbreviation "PA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is composed of public accountants.**

COMMENT: See the comments following subsections (d) and (e).

- (g) **No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use the title "certified accountant,"**

“chartered accountant,” “enrolled accountant,” “licensed accountant,” “registered accountant,” “accredited accountant,” or any other title or designation likely to be confused with the titles “certified public accountant” or “public accountant,” or use any of the abbreviations “CA,” “LA,” “RA,” “AA,” or similar abbreviation likely to be confused with the abbreviations “CPA” or “PA.” The title “Enrolled Agent” or “EA” may only be used by individuals so designated by the Internal Revenue Service.

COMMENT: This provision is intended to supplement the prohibitions of subsections (c) through (f) on use of titles by prohibiting other titles that may be misleadingly similar to the titles specifically reserved to licensees or that otherwise suggest that their holders are licensed.

- (h)(1) Non-licensees may not use language in any statement relating to the financial affairs of a person or entity which is conventionally used by licensees in reports on financial statements or any attest service as defined herein. In this regard, the Board shall issue safe harbor language non-licensees may use in connection with such financial information.**
- (2) No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use any title or designation that includes the words “accountant,” “auditor,” or “accounting,” in connection with any other language (including the language of a report) that implies that such person or firm holds such a certificate, permit, or registration or has special competence as an accountant or auditor, provided, however, that this subsection does not prohibit any officer, partner, member, manager or employee of any firm or organization from affixing that person’s own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds therein nor prohibit any act of a public official or employee in the performance of the person’s duties as such.**

COMMENT: This provision clarifies the language and titles that are prohibited for non-licensees. Like the preceding subsection, subsection (h)(2) of this provision is intended to supplement the prohibitions of subsections (c) through (f), by prohibiting other titles which may be misleadingly similar to the specifically reserved titles or that otherwise suggest licensure. In the interest of making the prohibition against the issuance by unlicensed persons of reports on audits, reviews, compilations and reports issued under SSAE as tight and difficult to evade as possible, there is also some overlap between this provision and the prohibitions in subsection (a). Safe harbor language is set out in Rule 14-2.

- (i) No person holding a certificate or registration or firm holding a permit under this Act shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers or shareholders of the firm, or about any other matter, provided, however, that names of one or more former partners, members, managers or shareholders may be included in the name of a firm or its successor. A common brand name, including common**

initials, used by a CPA Firm in its name, is not misleading if said firm is a Network Firm as defined in the AICPA Code of Professional Conduct ("Code") in effect July 1, 2011 and, when offering or rendering services that require independence under AICPA standards, said firm must comply with the Code's applicable standards on independence.

COMMENT: With regard to use of a common brand name or common initials by a Network Firm, this language should be considered in conjunction with Rules 14-1 (c) and (d), which provide further clarity and guidance.

- (j) **None of the foregoing provisions of this Section shall have any application to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy or its equivalent in such country, whose activities in this State are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds such entitlement, who performs no attest or compilation services as defined in this Act and who issues no reports as defined in this Act with respect to information of any other persons, firms, or governmental units in this State, and who does not use in this State any title or designation other than the one under which the person practices in such country, followed by a translation of such title or designation into the English language, if it is in a different language, and by the name of such country.**

COMMENT: The right spelled out in this provision, of foreign licensees to provide services in the state to foreign-based clients, looking to the issuance of reports only in foreign countries, is essentially what foreign licensees have a right to do under most laws now in effect, simply because no provision in those laws restricts such a right. The foreign titles used by foreign licensees might otherwise run afoul of standard prohibitions with respect to titles (such as one on titles misleadingly similar to "CPA") but this provision would grant a dispensation not found in most laws now in force.

- (k) **No holder of a certificate issued under Section 6 of this Act or a registration issued under Section 8 of this Act shall perform attest services through any business form that does not hold a valid permit issued under Section 7 of this Act.**

COMMENT: See the comments following Sections 6(a), 7(a) and 8.

- (l) **No individual licensee shall issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under Section 7 of this Act unless the report discloses the name of the business through which the individual is issuing the report, and the individual:**

- (1) signs the compilation report identifying the individual as a CPA or PA,
 - (2) meets the competency requirement provided in applicable standards, and
 - (3) undergoes no less frequently than once every three years, a peer review conducted in such manner as the Board shall by rule specify, and such review shall include verification that such individual has met the competency requirements set out in professional standards for such services.
- (m) Nothing herein shall prohibit a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.
- (n)(1) A licensee shall not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when the licensee also performs for that client,
- (A) an audit or review of a financial statement; or
 - (B) a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or
 - (C) an examination of prospective financial information.

This prohibition applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in such listed services.

- (2) A licensee who is not prohibited by this section from performing services for or receiving a commission and who is paid or expects to be paid a commission shall disclose that fact to any person or entity to whom the licensee recommends or refers a product or service to which the commission relates.

(3) Any licensee who accepts a referral fee for recommending or referring any service of a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.

(o)(1) A licensee shall not:

(A) perform for a contingent fee any professional services for, or receive such a fee from a client for whom the licensee or the licensee's firm performs,

(i) an audit or review of a financial statement; or

(ii) a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or

(iii) an examination of prospective financial information; or

(B) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

(2) The prohibition in (1) above applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

(3) Except as stated in the next sentence, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. A licensee's fees may vary depending, for example, on the complexity of services rendered.

COMMENT: Section 14(n) on commissions is based on Rule 503 of the AICPA Code of Professional Conduct. Section 14(o) on contingent fees is based on Rule 302 of the AICPA Code of Professional Conduct.

- (p) Notwithstanding anything to the contrary in this Section, it shall not be a violation of this Section for a firm which does not hold a valid permit under Section 7 of this Act and which does not have an office in this state to use the title "CPA" or "Certified Public Accountants" as part of the firm's name and to provide its professional services in this state, and licensees and individuals with practice privileges may provide services on behalf of such firms so long as the firm complies with the requirements of Section 7(a)(1)(C) or Section 7(a)(2), whichever is applicable. An individual or firm authorized under this provision to use practice privileges in this state shall comply with the requirements otherwise applicable to licensees in Section 14 of this Act.

COMMENT: Section 14(p) has been added along with revisions to Sections 23 and 7, to provide that as long as an out-of-state firm complies with the requirements of Section 7(a)(1)(C) or 7(a)(2), whichever is applicable, it can do so through practice privileged individuals without a CPA firm permit from this state. The addition of the last sentence of this Section 14(p) makes certain other provisions of Section 14 that otherwise pertain only to "Licensees" (specifically, Sections 14 (h), (k), (l), (n), and (o)) directly applicable to individuals and firms which are exempt from licensing or permit requirements in this state.

(q)(1) Notwithstanding any other provision of law to the contrary, an individual may use an accounting designation that includes the word "management", conferred by a bona fide nationally recognized accounting organization such as the American Institute of CPAs, the Chartered Institute of Management Accountants or the Institute of Management Accountants, provided the designation does not purport to confer the right to perform audit, attest or compilation services as defined by any state or foreign jurisdiction.

(2) An individual using an accounting designation in accordance with the provisions in Section 14(q)(1), who does not also maintain a license or practice privilege, shall not:

(A) offer or render audit, attest or compilation services for the public, except under the supervision of a licensee operating within a CPA firm that holds a permit issued in this state or another state.

(B) offer or render tax services to the public, while using such a designation, except within a CPA firm that holds a permit issued in this state or another state.

(C) establish, participate in, or promote a business that markets itself by reference to a designation in 14(q)(1) and is not also a CPA firm that holds a permit issued in this state or another state.

(3) The Board may take such actions, as authorized in this Act, to prohibit the use of any accounting designation in this State that does not meet the criteria of this section.