



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

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Sioux Falls, SD 57104
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Agenda
South Dakota Board of Accountancy Meeting
Conference Call
9:00 a.m. (CT)
July 22, 2013

A=Action

D=Discussion

I=Information

	Page
A-Approval of Minutes of Meeting June 24, 2013.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through June 2013.....	6-16
D-Executive Director's Report.....	17-18
AICPA	
BOE May Meeting Highlights.....	19-20
NASBA	
Exposure Draft UAA Definition of Attest.....	21-33
Candidate Concerns 2Q13 Report.....	34-37
EXECUTIVE SESSION	
Equivalent Reviews and follow ups for Board Approval.....	Spt. Pkt.
Personnel.....	Spt. Pkt.

FUTURE MEETING DATES (all times CT)

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



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**South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
June 24, 2013 - 9:00 a.m.**

The Board of Accountancy held a meeting by conference call on Monday, June 24, 2013. Chair John Mitchell called the meeting to order at 9:10 a.m.

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

Also present were Nicole Kasin, Executive Director; Julie Iverson, Sr. Secretary; Regina Ellison, Secretary; Aaron Arnold, Legal Counsel; and Todd Kolden, Department of Labor & Regulation.

Chair John Mitchell asked if there were any additions to the agenda. There were no additions.

A motion was made by John Linn, Jr. and seconded by Marty Guindon to approve the May 13, 2013, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by Holly Brunick and seconded by David Pummel to approve the issuance of individual certificates through June 17, 2013. A roll call vote was taken. The motion unanimously carried.

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

Executive Director Kasin discussed her report on staff updates, statute and rule implementations effective July 1, 2013, and the recap from the NASBA Western Regional Conference.

The Board discussed the report on the CPA exam grades for the 37th window.

A motion was made by John Peterson and seconded by Marty Guindon to approve the CPA Exam scores for the 37th CPA Exam window through June 2013. A roll call vote was taken. The motion unanimously carried.

The Board discussed the NASBA letter to Private Company Council.

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

The Board came out of executive session.

A motion was made by John Peterson and seconded Holly Brunick to accept the peer reviews as discussed in executive session. A roll call vote was taken. The motion unanimously carried.

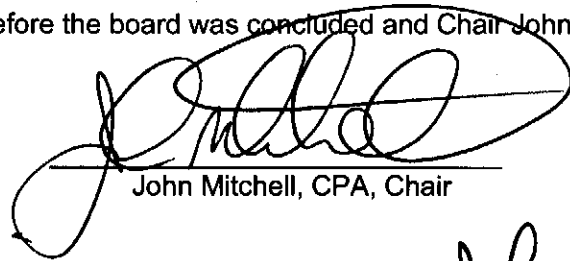
FUTURE MEETING DATES (all times CT)

July 22-9:00 –Conference Call

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

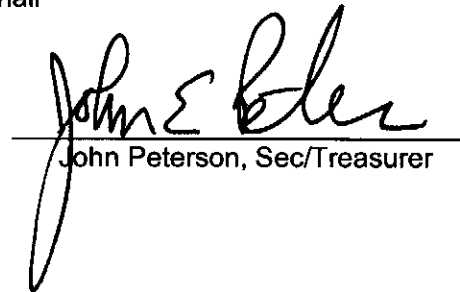
A motion was made by John Linn, Jr. and seconded by David Pummel to adjourn the meeting. A roll call vote was taken. The motion unanimously carried.

All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 10:08 a.m.



John Mitchell, CPA, Chair

Attest: 
Nicole Kasin, Executive Director



John Peterson, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through July 16, 2013

Number	Name	Date Issued	Location
3086	Tricia Marie Kremmin	6/26/13	Sioux Falls, SD
3087	Scott G. Theisen	7/10/13	Vermillion, SD

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

**Issued Through
July 16, 2013**

Number	Name	Date Issued	Basis/Comments
1606	Auditwerx, LLC Tampa, FL	06/27/13	Name Change
1607	EKS&H,LLLP Denver, CO	07/16/13	Name Change

BA1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 06/29/2013

PAGE 131

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	269,319.65	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			269,319.65	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			269,319.65	DR **	
BUDGET UNIT TOTAL 1031			269,319.65	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/29/2013

AGENCY	10	LABOR & REGULATION								
BUDGET UNIT	1031	BOARD OF ACCOUNTANCY								
CENTER-5	10310	BOARD OF ACCOUNTANCY								
COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503										
COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX130612	06/14/2013					1,877.04	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX130612	06/14/2013					1,877.04	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX130612	06/14/2013					792.06	DR
OBJSUB: 5101030 BOARD & COMM MBRS FEES										
OBJSUB: 5101030 BOARD & COMM MBRS FEES										
6503	103100061802	51020100	CGEX130612	06/14/2013					3,269.10	DR
6503	103100061802	51020100	CGEX130624	06/28/2013					242.59	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX130612	06/14/2013					243.27	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX130612	06/14/2013					160.14	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX130612	06/14/2013					989.34	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX130612	06/14/2013					4.27	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
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OBJSUB: 51020										

BA0205A5 06/29/2013

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/29/2013

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AGENCY	10	LABOR & REGULATION																		
BUDGET UNIT	1031	BOARD OF ACCOUNTANCY																		
CENTER-5	10310	BOARD OF ACCOUNTANCY																		
COMP	CENTER	ACCOUNT	DOCUMENT	POSTING	JV	APPL	#	SHORT	VENDOR	VENDOR	AMOUNT	DR/								
			NUMBER	DATE	OR	PAYMENT	#	NAME	NUMBER	GROUP		CR								
6503	103100061802	52049600	13498084	06/21/2013	99980719	NATLASSNST		12005047			8,853.80	DR								
6503	103100061802	52049600	957-IN	06/28/2013	99982052	NATLASSNST		12005047			210.00	DR								
											9,063.80	DR *								
											16,962.24	DR **								
6503	103100061802	52050200	138999246	06/21/2013	99981446	INTUITINC		12131783			50.98	DR								
											50.98	DR *								
6503	103100061802	52053200	37247	06/28/2013	99982042	BUSINESSPR		12003048			89.35	DR								
											89.35	DR *								
6503	103100061802	52053500	052113	06/05/2013	99975446	USPOSTALSE		12005421	A2		1,000.00	DR *								
											89.35	DR *								
6503	103100061802	5228000		06/14/2013							1,000.00	DR *								
											1,140.33	DR **								
											634.87	DR								
											634.87	DR *								
											20,599.33	DR ***								
											25,267.45	DR ****								
											25,267.45	DR *****								
											25,267.45	DR *****								

South Dakota Board of Accountancy
Balance Sheet
As of June 30, 2013

	Jun 30, 13
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	3,168.78
1140000 · Pool Cash State of SD	269,319.65
Total Checking/Savings	272,488.43
Other Current Assets	
1131000 · Interest Income Receivable	10,171.95
1213000 · Investment Income Receivable	1,234.30
Total Other Current Assets	11,406.25
Total Current Assets	283,894.68
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-116,928.29
Total 1670000 · Computer Software	23,134.94
Total Fixed Assets	23,134.94
TOTAL ASSETS	307,029.62
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	3,417.98
Total Accounts Payable	3,417.98
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,187.15
2810000 · Amounts Held for Others	32,686.09
Total Other Current Liabilities	39,873.24
Total Current Liabilities	43,291.22
Long Term Liabilities	
2960000 · Compensated Absences Payable	13,333.93
Total Long Term Liabilities	13,333.93
Total Liabilities	56,625.15
Equity	
3220000 · Unrestricted Net Assets	251,048.21
3300100 · Invested In Capital Assets	23,134.94
Net Income	-23,778.68
Total Equity	250,404.47
TOTAL LIABILITIES & EQUITY	307,029.62

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2012 through June 2013

	Jul '12 - Jun 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,425.00	3,000.00	-575.00	80.8%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-50.00			
4293551 · Certificate Renewals-Active - Other	55,300.00	46,000.00	9,300.00	120.2%
Total 4293551 · Certificate Renewals-Active	55,250.00	46,000.00	9,250.00	120.1%
4293552 · Certificate Renewals-Inactive	20,050.00	18,000.00	2,050.00	111.4%
4293553 · Certificate Renewals-Retired	710.00	700.00	10.00	101.4%
4293554 · Initial Firm Permits	850.00	1,250.00	-400.00	68.0%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	20,050.00	17,000.00	3,050.00	117.9%
Total 4293555 · Firm Permit Renewals	20,000.00	17,000.00	3,000.00	117.6%
4293557 · Initial Audit	630.00	750.00	-120.00	84.0%
4293558 · Re-Exam Audit	2,460.00	2,340.00	120.00	105.1%
4293560 · Late Fees-Initial Certificate	200.00			
4293561 · Late Fees-Certificate Renewals	2,450.00	4,000.00	-1,550.00	61.3%
4293563 · Late Fees-Firm Permit Renewals	550.00	800.00	-250.00	68.8%
4293564 · Late Fees-Peer Review	1,000.00	1,100.00	-100.00	90.9%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-20.00			
4293566 · Firm Permit Individual - Other	73,860.00	64,000.00	9,860.00	115.4%
Total 4293566 · Firm Permit Individual	73,840.00	64,000.00	9,840.00	115.4%
4293567 · Peer Review Admin Fee	3,525.00	5,650.00	-2,125.00	62.4%
4293568 · Firm Permit Name Change	50.00	100.00	-50.00	50.0%
4293569 · Initial FAR	1,080.00	1,140.00	-60.00	94.7%
4293570 · Initial REG	810.00	660.00	150.00	122.7%
4293571 · Initial BEC	630.00	930.00	-300.00	67.7%
4293572 · Re-Exam FAR	2,490.00	1,710.00	780.00	145.6%
4293573 · Re-Exam REG				
REFUNDS	0.00			
4293573 · Re-Exam REG - Other	2,340.00	1,800.00	540.00	130.0%
Total 4293573 · Re-Exam REG	2,340.00	1,800.00	540.00	130.0%
4293574 · Re-Exam BEC				
5208009 · REFUNDS	0.00			
4293574 · Re-Exam BEC - Other	1,980.00	1,980.00	0.00	100.0%
Total 4293574 · Re-Exam BEC	1,980.00	1,980.00	0.00	100.0%
4491000 · Interest and Dividend Revenue	8,344.35	9,000.00	-655.65	92.7%
4896021 · Legal Recovery Cost	700.00	1,000.00	-300.00	70.0%
Total Income	202,364.35	182,910.00	19,454.35	110.6%
Gross Profit	202,364.35	182,910.00	19,454.35	110.6%
Expense				
5101010 · F-T Emp Sal & Wages	65,315.63	68,843.00	-3,527.37	94.9%
5101020 · P-T/Temp Emp Sal & Wages	18,091.32	17,769.00	322.32	101.8%
5101030 · Board & Comm Mbrs Fees	2,820.00	4,138.00	-1,318.00	68.1%
5102010 · OASI-Employer's Share	6,335.27	6,918.00	-582.73	91.6%
5102020 · Retirement-ER Share	4,965.39	5,445.00	-479.61	91.2%
5102060 · Health /Life Ins.-ER Share	22,366.02	19,005.00	3,361.02	117.7%
5102080 · Worker's Compensation	133.39	254.00	-120.61	52.5%
5102090 · Unemployment Insurance	62.59	91.00	-28.41	68.8%
5203010 · Auto--State Owned	1,005.47	600.00	405.47	167.6%
5203020 · Auto-Private-Ownes Low Mileage	0.00	400.00	-400.00	0.0%
5203030 · In State-Auto- Priv. High Miles	889.48	1,500.00	-610.52	59.3%
5203100 · In State-Lodging	748.75	1,000.00	-251.25	74.9%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	41.00	100.00	-59.00	41.0%
5203150 · InState-Non-Tax Meals OverNight	357.00	400.00	-43.00	89.3%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2012 through June 2013

	Jul '12 - Jun 13	Budget	\$ Over Budget	% of Budget
5203220 · OS-Auto Private Low Mileage	90.40			
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	6,130.33	5,700.00	430.33	107.5%
5203280 · OS-Other Public Carrier	421.00	500.00	-79.00	84.2%
5203300 · OS-Lodging	8,489.63	7,800.00	689.63	108.8%
5203320 · OS-Incidentals to Travel	547.00	350.00	197.00	156.3%
5203350 · OS-Non-Taxable Meals Overnight	1,228.00	1,200.00	28.00	102.3%
5204010 · Subscriptions	688.05	1,500.00	-811.95	45.9%
5204020 · Dues and Membership Fees	3,440.00	3,900.00	-460.00	88.2%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	6,700.00	6,700.00	0.00	100.0%
5204160 · Workshop Registration Fees	4,347.00	6,000.00	-1,653.00	72.5%
5204180 · Computer Services-State	804.00	600.00	204.00	134.0%
5204181 · Computer Development Serv-State	6,921.65	10,400.00	-3,478.35	66.6%
5204200 · Central Services	6,393.39	7,000.00	-606.61	91.3%
5204220 · Equipment Service & Maintenance	142.80	300.00	-157.20	47.6%
5204230 · Janitorial/Maintenance Services	1,474.32	1,560.00	-85.68	94.5%
5204340 · Computer Software Maintenance	1,535.35	1,000.00	535.35	153.5%
5204360 · Advertising-Newspapers	1,028.54	1,500.00	-471.46	68.6%
5204440 · Newsletter Publishing	496.10	1,100.00	-603.90	45.1%
5204460 · Equipment Rental	3,312.00	4,500.00	-1,188.00	73.6%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	15,233.40	15,531.00	-297.60	98.1%
5204510 · Rent-Other	255.17			
5204530 · Telecommunications Services	2,422.96	2,500.00	-77.04	96.9%
5204540 · Electricity	639.43	865.00	-225.57	73.9%
5204560 · Water	156.45	240.00	-83.55	65.2%
5204590 · Insurance Premiums/Surety Bonds	799.00	1,710.00	-911.00	46.7%
5204740 · Bank Fees and Charges	3,390.74	3,200.00	190.74	106.0%
5204960 · Other Contractual Services	420.00			
5205020 · Office Supplies	1,278.37	2,000.00	-721.63	63.9%
5205310 · Printing State	295.88	500.00	-204.12	59.2%
5205320 · Printing/Duplicating/Binding Co	600.01	1,000.00	-399.99	60.0%
5205330 · Supplemental Publications	630.00	700.00	-70.00	90.0%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	2,593.53	3,100.00	-506.47	83.7%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	2,325.17	4,800.00	-2,474.83	48.4%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	5,711.65	7,400.00	-1,688.35	77.2%
5228030 · Depreciation Expense	12,070.40	12,070.40	0.00	100.0%
Total Expense	226,143.03	246,989.40	-20,846.37	91.6%
Net Ordinary Income	-23,778.68	-64,079.40	40,300.72	37.1%
Net Income	-23,778.68	-64,079.40	40,300.72	37.1%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
June 2013

	Jun 13	Jun 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	125.00	-75.00	-60.0%
4293551 · Certificate Renewals-Active	50.00	0.00	50.00	100.0%
4293552 · Certificate Renewals-Inactive	0.00	0.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	0.00	0.00	0.00	0.0%
4293554 · Initial Firm Permits	0.00	50.00	-50.00	-100.0%
4293555 · Firm Permit Renewals	0.00	50.00	-50.00	-100.0%
4293557 · Initial Audit	60.00	60.00	0.00	0.0%
4293558 · Re-Exam Audit	210.00	240.00	-30.00	-12.5%
4293561 · Late Fees-Certificate Renewals	50.00	0.00	50.00	100.0%
4293563 · Late Fees-Firm Permit Renewals	0.00	0.00	0.00	0.0%
4293564 · Late Fees-Peer Review	300.00	600.00	-300.00	-50.0%
4293566 · Firm Permit Individual	65.00	520.00	-455.00	-87.5%
4293567 · Peer Review Admin Fee	900.00	1,500.00	-600.00	-40.0%
4293568 · Firm Permit Name Change	0.00	25.00	-25.00	-100.0%
4293569 · Initial FAR	150.00	180.00	-30.00	-16.7%
4293570 · Initial REG	60.00	90.00	-30.00	-33.3%
4293571 · Initial BEC	90.00	120.00	-30.00	-25.0%
4293572 · Re-Exam FAR	210.00	210.00	0.00	0.0%
4293573 · Re-Exam REG	240.00	240.00	0.00	0.0%
4293574 · Re-Exam BEC	120.00	420.00	-300.00	-71.4%
4491000 · Interest and Dividend Revenue	0.00	-16,764.89	16,764.89	100.0%
4920045 · Undistributed Earnings	0.00	11,406.25	-11,406.25	-100.0%
Total Income	2,555.00	-928.64	3,483.64	375.1%
Gross Profit	2,555.00	-928.64	3,483.64	375.1%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	995.40	-995.40	-100.0%
5101010 · F-T Emp Sal & Wages	1,877.04	5,667.25	-3,790.21	-66.9%
5101020 · P-T/Temp Emp Sal & Wages	792.06	1,432.47	-640.41	-44.7%
5101030 · Board & Comm Mbrs Fees	600.00	-330.00	930.00	281.8%
5102010 · OASI-Employer's Share	243.27	470.28	-227.01	-48.3%
5102020 · Retirement-ER Share	160.14	425.97	-265.83	-62.4%
5102060 · Health /Life Ins.-ER Share	989.34	1,606.16	-616.82	-38.4%
5102080 · Worker's Compensation	4.27	13.97	-9.70	-69.4%
5102090 · Unemployment Insurance	2.00	5.88	-3.88	-66.0%
5203010 · Auto--State Owned	145.60	163.45	-17.85	-10.9%
5203030 · In State-Auto- Priv. High Miles	44.40	0.00	44.40	100.0%
5203140 · InState-Tax Meals Not Overnigt	9.00	0.00	9.00	100.0%
5203260 · OS-Air Commercial Carrier	1,799.60	0.00	1,799.60	100.0%
5203280 · OS-Other Public Carrier	172.00	0.00	172.00	100.0%
5203300 · OS-Lodging	2,155.70	0.00	2,155.70	100.0%
5203320 · OS-Incidentals to Travel	122.00	0.00	122.00	100.0%
5203350 · OS-Non-Taxable Meals Overnight	416.00	0.00	416.00	100.0%
5204180 · Computer Services-State	78.00	150.00	-72.00	-48.0%
5204181 · Computer Development Serv-State	5,031.00	4,008.80	1,022.20	25.5%
5204200 · Central Services	182.82	140.98	41.84	29.7%
5204220 · Equipment Service & Maintenance	82.12	2.69	79.43	2,952.8%
5204230 · Janitorial/Maintenance Services	122.86	119.86	3.00	2.5%
5204340 · Computer Software Maintenance	0.00	78.75	-78.75	-100.0%
5204360 · Advertising-Newspapers	0.00	644.91	-644.91	-100.0%
5204460 · Equipment Rental	57.00	93.60	-36.60	-39.1%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	240.16	181.47	58.69	32.3%
5204540 · Electricity	41.32	49.27	-7.95	-16.1%
5204560 · Water	22.35	0.00	22.35	100.0%
5204740 · Bank Fees and Charges	121.77	31.00	90.77	292.8%
5204960 · Other Contractual Services	210.00	0.00	210.00	100.0%
5205020 · Office Supplies	57.45	0.00	57.45	100.0%
5205320 · Printing/Duplicating/Binding Co	103.15	102.59	0.56	0.6%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
June 2013

	<u>Jun 13</u>	<u>Jun 12</u>	<u>\$ Change</u>	<u>% Change</u>
5228000 · Operating Transfers Out-NonBudg	634.87	448.66	186.21	41.5%
5228030 · Depreciation Expense	1,005.94	1,005.94	0.00	0.0%
Total Expense	<u>18,792.68</u>	<u>18,778.80</u>	<u>13.88</u>	<u>0.1%</u>
Net Ordinary Income	<u>-16,237.68</u>	<u>-19,707.44</u>	<u>3,469.76</u>	<u>17.6%</u>
Net Income	<u><u>-16,237.68</u></u>	<u><u>-19,707.44</u></u>	<u><u>3,469.76</u></u>	<u><u>17.6%</u></u>

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

	Jul '12 - Jun 13	Jul '11 - Jun 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,425.00	1,925.00	500.00	26.0%
4293551 · Certificate Renewals-Active	55,250.00	54,190.00	1,060.00	2.0%
4293552 · Certificate Renewals-Inactive	20,050.00	20,350.00	-300.00	-1.5%
4293553 · Certificate Renewals-Retired	710.00	670.00	40.00	6.0%
4293554 · Initial Firm Permits	850.00	1,200.00	-350.00	-29.2%
4293555 · Firm Permit Renewals	20,000.00	19,800.00	200.00	1.0%
4293557 · Initial Audit	630.00	930.00	-300.00	-32.3%
4293558 · Re-Exam Audit	2,460.00	2,580.00	-120.00	-4.7%
4293560 · Late Fees-Initial Certificate	200.00	100.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,450.00	2,850.00	-400.00	-14.0%
4293563 · Late Fees-Firm Permit Renewals	550.00	600.00	-50.00	-8.3%
4293564 · Late Fees-Peer Review	1,000.00	1,700.00	-700.00	-41.2%
4293566 · Firm Permit Individual	73,840.00	72,995.00	845.00	1.2%
4293567 · Peer Review Admin Fee	3,525.00	5,475.00	-1,950.00	-35.6%
4293568 · Firm Permit Name Change	50.00	490.00	-440.00	-89.8%
4293569 · Initial FAR	1,080.00	1,080.00	0.00	0.0%
4293570 · Initial REG	810.00	630.00	180.00	28.6%
4293571 · Initial BEC	630.00	750.00	-120.00	-16.0%
4293572 · Re-Exam FAR	2,490.00	1,860.00	630.00	33.9%
4293573 · Re-Exam REG	2,340.00	2,550.00	-210.00	-8.2%
4293574 · Re-Exam BEC	1,980.00	2,340.00	-360.00	-15.4%
4491000 · Interest and Dividend Revenue	8,344.35	-5,259.11	13,603.46	258.7%
4896021 · Legal Recovery Cost	700.00	2,355.00	-1,655.00	-70.3%
4920045 · Undistributed Earnings	0.00	11,406.25	-11,406.25	-100.0%
Total Income	202,364.35	203,567.14	-1,202.79	-0.6%
Gross Profit	202,364.35	203,567.14	-1,202.79	-0.6%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	995.40	-995.40	-100.0%
5101010 · F-T Emp Sal & Wages	65,315.63	70,081.21	-4,765.58	-6.8%
5101020 · P-T/Temp Emp Sal & Wages	18,091.32	18,190.34	-99.02	-0.5%
5101030 · Board & Comm Mbrs Fees	2,820.00	3,390.00	-570.00	-16.8%
5102010 · OASI-Employer's Share	6,335.27	6,558.12	-222.85	-3.4%
5102020 · Retirement-ER Share	4,965.39	6,079.69	-1,114.30	-18.3%
5102060 · Health /Life Ins.-ER Share	22,366.02	18,477.74	3,888.28	21.0%
5102080 · Worker's Compensation	133.39	226.53	-93.14	-41.1%
5102090 · Unemployment Insurance	62.59	81.85	-19.26	-23.5%
5203010 · Auto--State Owned	1,005.47	597.12	408.35	68.4%
5203020 · Auto-Private-Ownes Low Mileage	0.00	452.00	-452.00	-100.0%
5203030 · In State-Auto- Priv. High Miles	889.48	1,284.64	-395.16	-30.8%
5203100 · In State-Lodging	748.75	919.04	-170.29	-18.5%
5203140 · InState-Tax Meals Not OverNigt	41.00	32.00	9.00	28.1%
5203150 · InState-Non-Tax Meals OverNight	357.00	425.00	-68.00	-16.0%
5203220 · OS-Auto Private Low Mileage	90.40	0.00	90.40	100.0%
5203260 · OS-Air Commercial Carrier	6,130.33	2,286.20	3,844.13	168.1%
5203280 · OS-Other Public Carrier	421.00	235.35	185.65	78.9%
5203300 · OS-Lodging	8,489.63	4,568.23	3,921.40	85.8%
5203320 · OS-Incidentals to Travel	547.00	294.01	252.99	86.1%
5203350 · OS-Non-Taxable Meals Overnight	1,228.00	574.00	654.00	113.9%
5204010 · Subscriptions	688.05	452.99	235.06	51.9%
5204020 · Dues and Membership Fees	3,440.00	3,590.00	-150.00	-4.2%
5204040 · Consultant Fees-Accounting	6,700.00	0.00	6,700.00	100.0%
5204160 · Workshop Registration Fees	4,347.00	5,884.00	-1,537.00	-26.1%
5204180 · Computer Services-State	804.00	852.00	-48.00	-5.6%
5204181 · Computer Development Serv-State	6,921.65	12,721.00	-5,799.35	-45.6%
5204200 · Central Services	6,393.39	5,995.41	397.98	6.6%
5204220 · Equipment Service & Maintenance	142.80	54.77	88.03	160.7%
5204230 · Janitorial/Maintenance Services	1,474.32	1,438.32	36.00	2.5%
5204340 · Computer Software Maintenance	1,535.35	943.30	592.05	62.8%
5204360 · Advertising-Newspapers	1,028.54	644.91	383.63	59.5%
5204440 · Newsletter Publishing	496.10	0.00	496.10	100.0%
5204460 · Equipment Rental	3,312.00	3,511.20	-199.20	-5.7%
5204480 · Microfilm and Photography	0.00	502.66	-502.66	-100.0%

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

	Jul '12 - Jun 13	Jul '11 - Jun 12	\$ Change	% Change
5204490 · Rents Privately Owned Property	15,233.40	15,233.40	0.00	0.0%
5204510 · Rent-Other	255.17	167.70	87.47	52.2%
5204530 · Telecommunications Services	2,422.96	2,242.47	180.49	8.1%
5204540 · Electricity	639.43	695.26	-55.83	-8.0%
5204560 · Water	156.45	178.80	-22.35	-12.5%
5204590 · Insurance Premiums/Surety Bonds	799.00	1,666.45	-867.45	-52.1%
5204740 · Bank Fees and Charges	3,390.74	2,816.65	574.09	20.4%
5204960 · Other Contractual Services	420.00	0.00	420.00	100.0%
5205020 · Office Supplies	1,278.37	813.40	464.97	57.2%
5205310 · Printing State	295.88	0.00	295.88	100.0%
5205320 · Printing/Duplicating/Binding Co	600.01	300.66	299.35	99.6%
5205330 · Supplemental Publications	630.00	630.00	0.00	0.0%
5205350 · Postage	2,593.53	1,005.85	1,587.68	157.8%
5207900 · Computer Hardware	2,325.17	0.00	2,325.17	100.0%
5228000 · Operating Transfers Out-NonBudg	5,711.65	5,817.96	-106.31	-1.8%
5228030 · Depreciation Expense	12,070.40	12,070.40	0.00	0.0%
Total Expense	226,143.03	215,978.03	10,165.00	4.7%
Net Ordinary Income	-23,778.68	-12,410.89	-11,367.79	-91.6%
Net Income	-23,778.68	-12,410.89	-11,367.79	-91.6%

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Future Calendar

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

On July 24-26, 2013, I will attend the NASBA Board of Directors Meeting in Park City, UT.

Discussion Questions for Board

1. Does the Board have any discussion points they would like addressed with the SD CPA Society at the August Board meeting?
2. Does the Board have any areas they would like researched to have proposed legislation for the 2014 legislative session?

NASBA Issues

- Financial Reporting Framework for Small and Medium Sized Entities (FRF-SMEs)
 - <http://www.aicpa.org/InterestAreas/FRC/AccountingFinancialReporting/PCFR/DownloadableDocuments/FRF-SME/FRF-SMEs-Framework.PDF>

Online Renewal Statistics

The online renewal system became available on July 1. Postcards were sent to firms and licensees. The statistics are provided on the following page.

DATE	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		Daily Totals
	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	
Monday, July 01, 2013	3	0	4	0	22	7	6	0	42
Tuesday, July 02, 2013	7	2	3	0	33	4	13	0	62
Wednesday, July 03, 2013	5	0	3	0	27	4	10	0	49
Thursday, July 04, 2013	0	0	1	0	0	0	5	1	7
Friday, July 05, 2013	2	0	1	0	18	1	9	0	31
Saturday, July 06, 2013	0	0	2	0	3	0	3	0	8
Sunday, July 07, 2013	0	0	1	0	6	0	7	1	15
Monday, July 08, 2013	11	0	2	0	30	6	4	0	53
Tuesday, July 09, 2013	3	0	2	0	12	3	13	0	33
Wednesday, July 10, 2013	7	1	4	0	25	3	5	0	45
Thursday, July 11, 2013	4	2	1	0	12	1	11	1	32
Friday, July 12, 2013	3	0	3	0	10	2	5	0	23
Saturday, July 13, 2013	0	0	0	0	6	1	3	0	10
Sunday, July 14, 2013	0	0	1	0	4	0	0	0	5
Monday, July 15, 2013	1	0	2	0	15	2	6	0	26
Tuesday, July 16, 2013	5	2	2	0	19	2	11	0	41
Wednesday, July 17, 2013	3	0	0	0	5	1	3	0	12
Thursday, July 18, 2013									0
Friday, July 19, 2013									0
Saturday, July 20, 2013									0
Sunday, July 21, 2013									0
Monday, July 22, 2013									0
Tuesday, July 23, 2013									0
Totals	54	7	32	0	247	37	114		494
Totals per form	61		32		284		114		
Total Renewals									
Online & Via Mail	78		44		340		140		602
% Completed Online	78.21%		72.73%		83.53%		81.43%		82.06%
Yet to Renew (Expired Status)	213		29		813		259		
% Completed overall	26.80%		60.27%		29.49%		35.09%		100.00%



AICPA BOARD OF EXAMINERS (BOE)
May 29 – 30, 2013
Nashville, TN
MEETING HIGHLIGHTS

Participants

BOE Members: Wendy Perez (Chair), Wynne Baker, Lisa Cines, Stephen DelVecchio, Mari DeVries, Russ Friedewald, D.J. Gannon, Suzanna Lane, Barbara Ley, Leslie Mostow, Rick Niswander, Mark Shermis, Michael Tham, Paula Thomas, Richard Reisig (via phone) and Robert Brennan (via phone)

AICPA Staff: Craig Mills, Michael Decker, Noel Albertson, Ophir Busel, Zara Ikram, John Mattar, Scott Moore, Paul Schields

NASBA Staff: Colleen Conrad, James Suh (not there the whole time)

Observers: Onita Porter (CPA Examination Review Board)
Gary Lubin (past BOE member)

At the May 2013 BOE meeting:

- The BOE heard reports from the State Board Committee (SBC), Psychometric Oversight Committee (POC) and Content Committee:
 - SBC Chair Barbara Ley reported on the excitement surrounding the CPA Exam booklet which was distributed at the March NASBA ED Conference. The SBC recommends additional production and distribution of CPA Exam booklets to all state board members, educators and possibly state societies as well as updating it in 2014. The booklet will also be distributed at the AAA Meeting scheduled for early August. The Exams team will also host a panel at AAA where changes to the Exam's content will be discussed (mainly Clarity standards in the AUD section).
 - The POC held a discussion regarding the upcoming practice analysis which is scheduled for 2015. The practice analysis re-evaluates the knowledge, tasks and skills required of CPAs entering the profession, determines the feasibility and resources required for assessment and develops an updated blueprint documenting the content, skills, length and time of the Exam. The last practice analysis was conducted in 2008, the results of which can be seen in the current four sections of the Exam, which was launched in January 2011. The POC discussion involved new item generation; including items with listening components and performance activities. These new item types would require additional forms of validation. Depending on the outcome of the practice analysis, additional POC work will be required.
 - The Content Committee received feedback from staff on new item types which are being created by the research team. The Current CSO's were reviewed and subcommittees identified where additional review will be needed. Emerging standards were reviewed and the CSOs will be updated.
- The BOE Sponsor Group Reports included:
 - Paula Thomas presented on the 2014 volunteer recruiting efforts. A sufficient number of qualified volunteer applications were received for this year. A slate will be

- recommended at the AICPA Annual Appointments Meeting on July 30. Looking forward, recruiting for BOE members from state boards of accountancy will begin in the November – December time period based upon feedback received from state boards.
 - Dr. Rick Niswander presented an overview of the Examinations team budget and actuals as reviewed by the Financial Oversight Group (FOG).
 - Mari DeVries presented an update on the Item Development and Process Improvement (IDPI) project. Phase 1 was completed in January 2013. Phase 2 is scheduled to be complete in early 2014, where staff assumes direct responsibility of managing item writers and item reviewers. Subcommittees will no longer be reviewing items pre-test. Phase 3 is scheduled for completion in late 2014.
- The BOE Project Champion Reports included:
 - DJ Gannon presented an update on the international program including:
 - Citizens and permanent residents of all South American countries can test in Brazil as of July 1, 2013.
 - Phase 1 expansion into Germany is targeted for 13Q4, and expansion into Saudi Arabia is also in progress.
 - Michael Tham presented an update on CCMS v2 which went live on May 29, 2013. Backend scoring will also be live as of July 5, 2013.
- Gary Lubin presented an update on the new Test Driver initiative (NextGen). The project's financials, a structure for BOE governance, and a report from the independent review of the Driver architecture conducted by Exigen were reviewed. The independent review conducted by external reviewer Exigen is complete and the technology approach has been validated through this process. The BOE requested an implementation plan which will be presented at the October BOE Meeting to ensure that the project is supported and appropriate assistance is provided where needed.
- The BOE is continuing the strategic planning process and approved the current draft of the BOE Strategic Plan, which included Value, Vision, and Mission, a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats), and a Current State – Future State – Gap Analysis. The final plan will be approved at the October BOE meeting.
- Michael Decker presented the Director's Report, which included an update on staffing, Enterprise Risk Management (ERM) and Operations.
- Onita Porter of the Examination Review Board (ERB) presented the successful interim status of the 2013 Audit Plan of the ERB.
- Craig Mills led a discussion on the future of the Exam, with an expansive practice analysis slated for 2015. The various skills an entry level CPA needs to know and the involvement of key stakeholders in identifying these skills was identified as essential for the success of the 2015 practice analysis.

Exposure Draft

Uniform

Accountancy Act

Seventh Edition
_____, 2013

Revised Definitions

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[Note: Material being deleted is stricken. New material is underlined.]

(Comments must be received by October 17, 2013.)

EXPOSURE DRAFT OF UNIFORM ACCOUNTANCY ACT

This exposure draft contains revisions to the UAA, which are designed to incorporate a change in the definition of “attest.”

The needs of clients and the marketplace, and scope of services, are changing. Historically, even as little as five years ago, assurance and attestation services were discussed in the context of, and generally limited to, audits and reviews of historical financial statements and the UAA so defined the term “attest.” These services are the most important to the public because third parties rely on the licensee’s report concerning financial statements. As a result, they are the only professional accounting services that are reserved to licensees.

Despite this targeted focus in the UAA, the scope of the definition of attest can be impacted through a change in the referenced standards, as happened when SAS 70 was reissued as SSAE 16. Further was the question of whether other SSAE engagements should be incorporated into the definition of attest. Such a change would make the Act flexible enough so major amendments would not be needed as future developments occur in assurance standards or in marketplace demands for assurance services.

In recent years, CPAs have increasingly been asked to report on representations other than historical financial statements. Some non-CPAs have stepped in and provided such services, in some cases using CPA standards of practice to perform services, giving the impression to the public that they are as qualified as CPAs.

To deal with this issue, the proposal is to change the definition of “attest” in the UAA to include all services performed in accordance with the Statements on Standards for Attestation Engagements (“SSAEs”). This is accomplished by adding those services to the attest definition as a separate subsection in the definition, apart from the examinations of prospective financial information already covered in the definition. By so doing, we minimize changes in the provisions governing individual and firm mobility.

The exposure draft includes a more detailed explanation of the proposed revisions, as well as the text of the affected UAA statutory sections that are recommended for addition or change. Statutory provisions are in **BOLD** type. New language is underlined and language that would be deleted is stricken. To see the entire UAA and Model Rules, you may view them electronically at www.aicpa.org or www.nasba.org.

The AICPA and NASBA UAA Committees welcome your comments on the proposed revisions. **The exposure period will end on Thursday, October 17, 2013.** Please send your comments to definitionofattest@aicpa.org and lhaberman@nasba.org.

The UAA Committee plans to release in the coming weeks an Exposure Draft on firm mobility.

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1 **SECTION 3**
2 **DEFINITIONS**

3
4 **When used in this Act, the following terms have the meanings indicated:**
5

6

7
8 **(b) “Attest” means providing the following ~~financial statement~~ services:**
9

- 10 (1) any audit or other engagement to be performed in accordance with the Statements
11 on Auditing Standards (SAS);
12
13 (2) any review of a financial statement to be performed in accordance with the
14 Statements on Standards for Accounting and Review Services (SSARS);
15
16 (3) any examination of prospective financial information to be performed in
17 accordance with the Statements on Standards for Attestation Engagements
18 (SSAE); ~~and~~
19
20 (4) any engagement to be performed in accordance with the standards of the
21 PCAOB; and
22
23 (5) any examination, review, or agreed upon procedures engagement to be
24 performed in accordance with the SSAE, other than an examination described
25 in subsection (3).
26

27 **The standards specified in this definition shall be adopted by reference by the**
28 **Board pursuant to rulemaking and shall be those developed for general**
29 **application by recognized national accountancy organizations, such as the**
30 **AICPA, and the PCAOB.**
31

32 *COMMENT:* Subject to the exceptions set out in Section 7, 14, and 23 (a)(4), these services are
33 restricted to licensees and CPA firms under the Act and licensees can only perform the attest
34 services through a CPA firm. Individual licensees may perform the services described in Section
35 3(f) as employees of firms that do not hold a permit under Section 7 of this Act, so long as they
36 comply with the peer review requirements of Section 6(j). Other ~~attestation professional~~ services
37 are not restricted to licensees or CPA firms; however, when licensees perform those services
38 they are regulated by the state board of accountancy. See also the definition of Report. The
39 definition also includes references to the Public Company Accounting Oversight Board
40 (PCAOB) which make it clear that the PCAOB is a regulatory authority that sets professional
41 standards applicable to engagements within its jurisdiction.
42

43 Regarding SSAE engagements, subsection 3(b)(3) only includes SSAE engagements pertaining
44 to the examination of prospective financial information, while subsection 3(b)(5) expressly
45 includes other SSAE engagements. Thus, like other services included in this definition of
46 “Attest,” they are all restricted to licensees and CPA firms.

1
2 However, Sections 7, 14 and 23 also mandate that certain types of "Attest" services must be
3 rendered only through licensed CPA Firms. Specifically, Section 7(a)(1)(C) requires licensure of
4 an out-of-state firm even if it does "not have an office in this state but performs attest services
5 described in Section 3(b)(1), (3) or (4) of this Act for a client having its home office in this
6 state."

7
8 By identifying the other SSAE services (that is, other services but not "examinations of
9 prospective financial information") in a different subsection (5), they, along with the services
10 described in subsections 3(b)(2) (reviews of financial statements according to SSARS), are
11 "Attest" services restricted to CPAs, but out-of-state CPA Firms rendering these services do not
12 have to obtain a permit in every state in which they provide that type of Attest service. Hence,
13 although both 3(b)(3) and 3(b)(5) SSAE services are "Attest" services, only those SSAE services
14 included in 3(b)(3) must be rendered through CPA Firms licensed in every state in which the
15 services are provided. The differentiation between these two categories of SSAE services
16 therefore reduces the burden of multistate licensure and enhances mobility for individual
17 licensees as well as CPA Firms.

18
19 This definition of "attest" includes both examinations of prospective financial information to be
20 performed in accordance with the Statements on Standards for Attestation Engagements (SSAE)
21 as well as any examination, review, or agreed upon procedures engagement to be performed in
22 accordance with SSAE.

23
24

25
26 (s) "Report," when used with reference to ~~financial statements~~ any attest or
27 compilation service, means an opinion, report, or other form of language that states
28 or implies assurance as to the reliability of ~~any the attested information or compiled~~
29 financial statements and that also includes or is accompanied by any statement or
30 implication that the person or firm issuing it has special knowledge or competence
31 in accounting or auditing. Such a statement or implication of special knowledge or
32 competence may arise from use by the issuer of the report of names or titles
33 indicating that the person or firm is an accountant or auditor, or from the language
34 of the report itself. The term "report" includes any form of language which
35 disclaims an opinion when such form of language is conventionally understood to
36 imply any positive assurance as to the reliability of the attested information or
37 compiled financial statements referred to and/or special competence on the part of
38 the person or firm issuing such language; and it includes any other form of language
39 that is conventionally understood to imply such assurance and/or such special
40 knowledge or competence.

41
42 *COMMENT:* As has been explained in the introductory comments, the audit function, which this
43 term is intended to define, is the principal kind of professional accounting service for which a
44 license would be required under the Uniform Act. The term has its most important operative use
45 in section 14(a) of the Act, which prohibits persons not licensed from performing that function as
46 well as any attest or compilation services as defined above.

1
2 It is a point of fundamental significance that the audit function is defined, not in terms of the
3 work actually done, but rather in terms of the issuance of an opinion or a report--that is, the
4 making of assertions, explicit or implied--about work that has been done. It is such reports, or
5 | assertions, upon which persons using ~~financial statements~~ attested information (whether clients
6 or third parties) rely, reliance being invited by the assertion, whether explicit or by implication,
7 of expertise on the part of the person or firm issuing the opinion or report. Thus, this definition is
8 sought to be drawn broadly enough to encompass all those cases where either the language of the
9 report itself, or other language accompanying the report, carries both a positive assurance
10 | regarding the reliability of the ~~financial~~ information in question, and an implication (which may
11 be drawn from the language of the report itself) that the person or firm issuing the report has
12 special competence which gives substance to the assurance.
13

14 The definition includes disclaimers of opinion when they are phrased in a fashion which is
15 conventionally understood as implying some positive assurance, because authoritative
16 accounting literature contemplates several circumstances in which a disclaimer of opinion in
17 standard form implies just such assurances. The same reasoning that makes it appropriate to
18 include disclaimers of opinion in conventional form within the definition of this term makes it
19 appropriate to apply the prohibition on the issuance by unlicensed persons of reports, as so
20 defined, on "reviews" and "compilations" and other communications with respect to
21 "compilations" within the meaning of the AICPA's Statements on Standards for Accounting and
22 Review Services (SSARS), when the language in which the report or other compilation
23 communication is phrased is that prescribed by SSARS. This is done in section 14(a). These
24 prohibitions, again, do not apply to the services actually performed--which is to say that there is
25 no prohibition on the performance by unlicensed persons of either reviews or compilations, in
26 the sense contemplated by SSARS, but only on the issuance of reports or other compilation
27 communications asserting or implying that their author has complied or will comply with the
28 SSARS standards for such reviews and compilations and has the demonstrated capabilities so to
29 comply.
30

31
32

33 **SECTION 7**

34 **FIRM PERMITS TO PRACTICE, ATTEST AND COMPILATION COMPETENCY AND PEER** 35 **REVIEW** 36

37 (a) The Board shall grant or renew permits to practice as a CPA firm to applicants that
38 demonstrate their qualifications therefor in accordance with this Section.
39

40 (1) The following must hold a permit issued under this Section:
41

42 (A) Any firm with an office in this state performing attest services as
43 defined in Section 3(b) of this Act; or,
44

45 (B) Any firm with an office in this state that uses the title "CPA" or "CPA
46 firm;" or,

- 1
2 (C) Any firm that does not have an office in this state but performs attest
3 services described in Section 3(b)(1), (3) or (4) of this Act for a client
4 having its home office in this state.
5
6 (2) A firm which does not have an office in this state may perform services
7 described in subsections 3(b)(2), 3(b)(5) or 3(f) for a client having its home
8 office in this state and may use the title "CPA" or "CPA firm" without a
9 permit issued under this Section only if:
10
11 (A) it has the qualifications described in subsections 7(c) [ownership] and
12 7(h) [peer review], and
13
14 (B) it performs such services through an individual with practice
15 privileges under Section 23 of the Act.
16
17 (3) A firm which is not subject to the requirements of 7(a)(1)(C) or 7(a)(2) may
18 perform other professional services while using the title "CPA" or "CPA
19 firm" in this state without a permit issued under this Section only if:
20
21 (A) it performs such services through an individual with practice
22 privileges under Section 23 of the Act, and,
23
24 (B) it can lawfully do so in the state where said individuals with practice
25 privileges have their principal place of business.
26
27
28
29 (c) An applicant for initial issuance or renewal of a permit to practice under this
30 Section shall be required to show that:
31
32 (1) Notwithstanding any other provision of law, a simple majority of the
33 ownership of the firm, in terms of financial interests and voting rights of all
34 partners, officers, shareholders, members or managers, belongs to holders of a
35 certificate who are licensed in some state, and such partners, officers,
36 shareholders, members or managers, whose principal place of business is in
37 this state, and who perform professional services in this state hold a valid
38 certificate issued under Section 6 of this Act or the corresponding provision of
39 prior law or are public accountants registered under Section 8 of this Act.
40 Although firms may include non-licensee owners the firm and its ownership
41 must comply with rules promulgated by the Board. For firms of public
42 accountants, at least a simple majority of the ownership of the firm, in terms of
43 financial interests and voting rights, must belong to holders of registrations
44 under Section 8 of this Act. An individual who has practice privileges under
45 Section 23 who performs services for which a firm permit is required under

1 **Section 23(a)(4) shall not be required to obtain a certificate from this state**
2 **pursuant to Section 6 of this Act.**

3
4 *COMMENT:* The limitation of the requirement of certificates to partners, officers, shareholders,
5 members and managers who have their principal place of business in the state is intended to
6 allow some latitude for occasional visits and limited assignments within the state of firm
7 personnel who are based elsewhere. If those out-of-state individuals qualify for practice
8 privileges under Section 23 and do not have their principal places of business in this state, they
9 do not have to be licensed in this state. In addition, the requirement allows for non-licensee
10 ownership of licensed firms.

11
12 **(2) Any CPA or PA firm as defined in this Act may include non-licensee owners**
13 **provided that:**

14
15 **(A) The firm designates a licensee of this state, or in the case of a firm which**
16 **must have a permit pursuant to Section 23(a)(4) a licensee of another**
17 **state who meets the requirements set out in Section 23(a)(1) or in Section**
18 **23(a)(2), who is responsible for the proper registration of the firm and**
19 **identifies that individual to the Board.**

20
21 **(B) All non-licensee owners are active individual participants in the CPA or**
22 **PA firm or affiliated entities.**

23
24 **(C) The firm complies with such other requirements as the board may impose**
25 **by rule.**

26
27 **(3) Any individual licensee and any individual granted practice privileges under**
28 **this Act who is responsible for supervising attest or compilation services and**
29 **signs or authorizes someone to sign the accountant's report ~~on the financial~~**
30 **~~statements~~ on behalf of the firm, shall meet the competency requirements set**
31 **out in the professional standards for such services.**

32
33 **(4) Any individual licensee and any individual granted practice privileges under**
34 **this Act who signs or authorizes someone to sign the accountants' report ~~on the~~**
35 **~~financial statements~~ on behalf of the firm shall meet the competency**
36 **requirement of the prior subsection.**

37
38 *COMMENT:* Because of the greater sensitivity of attest and compilation services, professional
39 standards should set out an appropriate competency requirement for those who supervise them
40 and sign attest or compilation reports. However, the accountant's report in such engagements
41 may be supervised, or signed, or the signature authorized for the CPA firm by a practice
42 privileged individual.

43
44
45

1 **SECTION 14**
2 **UNLAWFUL ACTS**
3

- 4 (a) Only licensees and individuals who have practice privileges under Section 23 of this
5 Act may issue a report on financial statements of any person, firm, organization, or
6 governmental unit or offer to render or render any attest or compilation service, as
7 defined herein. This restriction does not prohibit any act of a public official or
8 public employee in the performance of that person's duties as such; or prohibit the
9 performance by any non-licensee of other services involving the use of accounting
10 skills, including the preparation of tax returns, management advisory services, and
11 the preparation of financial statements without the issuance of reports thereon.
12 Non-licensees may prepare financial statements and issue non-attest transmittals or
13 information thereon which do not purport to be in compliance with the Statements
14 on Standards for Accounting and Review Services (SSARS).
15

16 *COMMENT:* This provision, giving application to the definition of attest in section 3(b) and
17 report in section 3(s) above, is the cornerstone prohibition of the Uniform Act, reserving the
18 performance of those professional services calling upon the highest degree of professional skill
19 and having greatest consequence for persons using financial statements attested
20 information--namely, the audit function and other attest and compilation services as defined
21 herein -- to licensees. It is so drafted as to make as clear and emphatic as possible the limited
22 nature of this exclusively reserved function and the rights of unlicensed persons to perform all
23 other functions. ~~This wording addresses concerns that this exemption could otherwise, by~~
24 ~~negative implication, allow non-licensees to prepare any report on a financial statement other~~
25 ~~than a SSARS i.e., other attestation standards.~~ Consistent with Section 23, individuals with
26 practice privileges may render these reserved professional services to the same extent as
27 licensees in this state.
28

29 This provision is also intended to extend the reservation of the audit function to other services
30 that also call for special skills and carry particular consequence for users of ~~financial statements~~
31 attested information, albeit in each respect to a lesser degree than the audit function: namely, the
32 performance of compilations and reviews of financial statements, in accordance with the
33 AICPA's Statements on Standards for Accounting and Review Services, which set out the
34 standards to be met in a compilation or review and specify the form of communication to
35 management or report to be issued and attestation engagements performed in accordance with
36 Statements on Standards for Attestation Engagements which set forth the standards to be met and
37 the reporting on the engagements enumerated in the SSAEs. The subsection is intended to
38 prevent issuance by non-licensees of reports or communication to management using that
39 standard language or language deceptively similar to it. Safe harbor language which may be used
40 by non-licensees is set out in Rule 14-2.
41

- 42 (b) Licensees and individuals who have practice privileges under Section 23 of this Act
43 performing attest or compilation services must provide those services in accordance
44 with applicable professional standards.
45
46 (c) No person not holding a valid certificate or a practice privilege pursuant to Section
47 23 of this Act shall use or assume the title "certified public accountant," or the

1 abbreviation "CPA" or any other title, designation, words, letters, abbreviation,
2 sign, card, or device tending to indicate that such person is a certified public
3 accountant.
4

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

8 (d) No firm shall provide attest services or assume or use the title "certified public
9 accountants," or the abbreviation "CPAs," or any other title, designation, words,
10 letters, abbreviation, sign, card, or device tending to indicate that such firm is a
11 CPA firm unless (1) the firm holds a valid permit issued under Section 7 of this Act,
12 and (2) ownership of the firm is in accord with this Act and rules promulgated by
13 the Board.
14

15 *COMMENT:* Like the preceding subsection, this one restricts use of the two titles "certified
16 public accountants" and "CPAs," but in this instance by firms, requiring the holding of a firm
17 permit to practice. It also restricts unlicensed firms from providing attest services.
18

19 (e) No person shall assume or use the title "public accountant," or the abbreviation
20 "PA," or any other title, designation, words, letters, abbreviation, sign, card, or
21 device tending to indicate that such person is a public accountant unless that person
22 holds a valid registration issued under Section 8 of this Act.
23

24 *COMMENT:* This subsection, and the one that follows, reserve the title "public accountant" and
25 its abbreviation in the same fashion as subsections (c) and (d) do for the title "certified public
26 accountant" and its abbreviation. The two provisions would of course only be required in a
27 jurisdiction where there were grandfathered public accountants as contemplated by section 8.
28

29 (f) No firm not holding a valid permit issued under Section 7 of this Act shall provide
30 attest services or assume or use the title "public accountant," the abbreviation
31 "PA," or any other title, designation, words, letters, abbreviation, sign, card, or
32 device tending to indicate that such firm is composed of public accountants.
33

34 *COMMENT:* See the comments following subsections (d) and (e).
35

36 (g) No person or firm not holding a valid certificate, permit or registration issued under
37 Sections 6, 7, or 8 of this Act shall assume or use the title "certified accountant,"
38 "chartered accountant," "enrolled accountant," "licensed accountant," "registered
39 accountant," "accredited accountant," or any other title or designation likely to be
40 confused with the titles "certified public accountant" or "public accountant," or use
41 any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviation likely to
42 be confused with the abbreviations "CPA" or "PA." The title "Enrolled Agent" or
43 "EA" may only be used by individuals so designated by the Internal Revenue
44 Service.
45

1 *COMMENT:* This provision is intended to supplement the prohibitions of subsections (c)
2 through (f) on use of titles by prohibiting other titles that may be misleadingly similar to the titles
3 specifically reserved to licensees or that otherwise suggest that their holders are licensed.
4

5 **(h)(1) Non-licensees may not use language in any statement relating to the ~~financial~~ affairs**
6 **of a person or entity which is conventionally used by licensees in reports on financial**
7 **statements or on any attest service as defined herein. In this regard, the Board shall**
8 **issue safe harbor language non-licensees may use in connection with such financial**
9 **information.**
10

11 **(2) No person or firm not holding a valid certificate, permit or registration issued under**
12 **Sections 6, 7, or 8 of this Act shall assume or use any title or designation that**
13 **includes the words “accountant,” “auditor,” or “accounting,” in connection with**
14 **any other language (including the language of a report) that implies that such**
15 **person or firm holds such a certificate, permit, or registration or has special**
16 **competence as an accountant or auditor, provided, however, that this subsection**
17 **does not prohibit any officer, partner, member, manager or employee of any firm or**
18 **organization from affixing that person’s own signature to any statement in**
19 **reference to the financial affairs of such firm or organization with any wording**
20 **designating the position, title, or office that the person holds therein nor prohibit**
21 **any act of a public official or employee in the performance of the person’s duties as**
22 **such.**
23

24 *COMMENT:* This provision clarifies the language and titles that are prohibited for non-
25 licensees. Like the preceding subsection, subsection (h)(2) of this provision is intended to
26 supplement the prohibitions of subsections (c) through (f), by prohibiting other titles which may
27 be misleadingly similar to the specifically reserved titles or that otherwise suggest licensure. In
28 the interest of making the prohibition against the issuance by unlicensed persons of reports on
29 audits, reviews, ~~and compilations~~ and reports issued under the SSAE as tight and difficult to
30 evade as possible, there is also some overlap between this provision and the prohibitions in
31 subsection (a). Safe harbor language is set out in Rule 14-2.
32

33 **(i) No person holding a certificate or registration or firm holding a permit under this**
34 **Act shall use a professional or firm name or designation that is misleading about the**
35 **legal form of the firm, or about the persons who are partners, officers, members,**
36 **managers or shareholders of the firm, or about any other matter, provided,**
37 **however, that names of one or more former partners, members, managers or**
38 **shareholders may be included in the name of a firm or its successor. A common**
39 **brand name, including common initials, used by a CPA Firm in its name, is not**
40 **misleading if said firm is a Network Firm as defined in the AICPA Code of**
41 **Professional Conduct (“Code”) in effect July 1, 2011 and, when offering or**
42 **rendering services that require independence under AICPA standards, said firm**
43 **must comply with the Code’s applicable standards on independence.**
44

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

- 1
2 (j) None of the foregoing provisions of this Section shall have any application to a
3 person or firm holding a certification, designation, degree, or license granted in a
4 foreign country entitling the holder thereof to engage in the practice of public
5 accountancy or its equivalent in such country, whose activities in this State are
6 limited to the provision of professional services to persons or firms who are
7 residents of, governments of, or business entities of the country in which the person
8 holds such entitlement, who performs no attest or compilation services as defined
9 and who issues no reports as defined in this Act with respect to the information
10 ~~financial statements~~ of any other persons, firms, or governmental units in this State,
11 and who does not use in this State any title or designation other than the one under
12 which the person practices in such country, followed by a translation of such title or
13 designation into the English language, if it is in a different language, and by the
14 name of such country.
15

16 *COMMENT:* The right spelled out in this provision, of foreign licensees to provide services in
17 the state to foreign-based clients, looking to the issuance of reports only in foreign countries, is
18 essentially what foreign licensees have a right to do under most laws now in effect, simply
19 because no provision in those laws restricts such a right. The foreign titles used by foreign
20 licensees might otherwise run afoul of standard prohibitions with respect to titles (such as one on
21 titles misleadingly similar to "CPA") but this provision would grant a dispensation not found in
22 most laws now in force.
23

- 24 (k) No holder of a certificate issued under Section 6 of this Act or a registration issued
25 under Section 8 of this Act shall perform attest services through any business form
26 that does not hold a valid permit issued under Section 7 of this Act.
27

28 *COMMENT:* See the comments following Sections 6(a), 7(a) and 8.
29

- 30 (l) No individual licensee shall issue a report in standard form upon a compilation of
31 financial information through any form of business that does not hold a valid permit
32 issued under Section 7 of this Act unless the report discloses the name of the
33 business through which the individual is issuing the report, and the individual:
34

35 (1) signs the compilation report identifying the individual as a CPA or PA,
36

37 (2) meets the competency requirement provided in applicable standards, and
38

39 (3) undergoes no less frequently than once every three years, a peer review
40 conducted in such manner as the Board shall by rule specify, and such review
41 shall include verification that such individual has met the competency
42 requirements set out in professional standards for such services.
43

- 44 (m) Nothing herein shall prohibit a practicing attorney or firm of attorneys from
45 preparing or presenting records or documents customarily prepared by an attorney
46 or firm of attorneys in connection with the attorney's professional work in the
47 practice of law.

1
2 (n)(1) A licensee shall not for a commission recommend or refer to a client any product or
3 service, or for a commission recommend or refer any product or service to be
4 supplied by a client, or receive a commission, when the licensee also performs for
5 that client,

6
7 (A) an audit or review of a financial statement; or

8
9 (B) a compilation of a financial statement when the licensee expects, or reasonably
10 might expect, that a third party will use the financial statement and the
11 licensee's compilation report does not disclose a lack of independence; or

12
13 (C) an examination of prospective financial information.

14
15 This prohibition applies during the period in which the licensee is engaged to perform
16 any of the services listed above and the period covered by any historical financial
17 statements involved in such listed services.

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

22
23 (3) Any licensee who accepts a referral fee for recommending or referring any service
24 of a licensee to any person or entity or who pays a referral fee to obtain a client shall
25 disclose such acceptance or payment to the client.

26
27 (o)(1) A licensee shall not:

28
29 (A) perform for a contingent fee any professional services for, or receive such a fee
30 from a client for whom the licensee or the licensee's firm performs,

31
32 (i) an audit or review of a financial statement; or

33
34 (ii) a compilation of a financial statement when the licensee expects, or
35 reasonably might expect, that a third party will use the financial
36 statement and the licensee's compilation report does not disclose a lack of
37 independence; or

38
39 (iii) an examination of prospective financial information; or

40
41 (B) Prepare an original or amended tax return or claim for a tax refund for a
42 contingent fee for any client.

43
44 (2) The prohibition in (1) above applies during the period in which the licensee is
45 engaged to perform any of the services listed above and the period covered by any
46 historical financial statements involved in any such listed services.

- 1
2 **(3) Except as stated in the next sentence, a contingent fee is a fee established for the**
3 **performance of any service pursuant to an arrangement in which no fee will be**
4 **charged unless a specified finding or result is attained, or in which the amount of**
5 **the fee is otherwise dependent upon the finding or result of such service. Solely for**
6 **purposes of this section, fees are not regarded as being contingent if fixed by courts**
7 **or other public authorities, or, in tax matters, if determined based on the results of**
8 **judicial proceedings or the findings of governmental agencies. A licensee's fees may**
9 **vary depending, for example, on the complexity of services rendered.**

10
11 *COMMENT:* Section 14(n) on commissions is based on Rule 503 of the AICPA Code of
12 Professional Conduct. Section 14(o) on contingent fees is based on Rule 302 of the AICPA
13 Code of Professional Conduct.
14

- 15 **(p) Notwithstanding anything to the contrary in this Section, it shall not be a violation**
16 **of this Section for a firm which does not hold a valid permit under Section 7 of this**
17 **Act and which does not have an office in this state to provide its professional**
18 **services in this state so long as it complies with the requirements of Section 7(a)(2)**
19 **or 7(a)(3), whichever is applicable.**
20

21 *COMMENT:* Section 14(p) has been added along with revisions to Sections 23 and 7, to
22 provide that as long as an out-of-state firm complies with the requirements of new Section
23 7(a)(2) or 7(a)(3), whichever is applicable, it can do so through practice privileged individuals
24 without a CPA firm permit from this state.
25



NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY



CANDIDATE CONCERNS 13Q2

CANDIDATE CARE DEPARTMENT

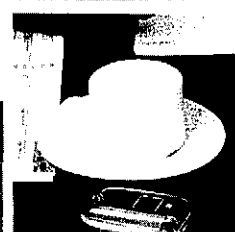
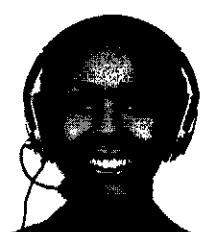
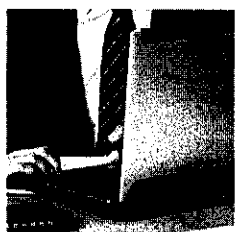
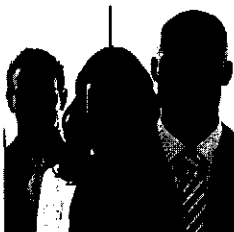
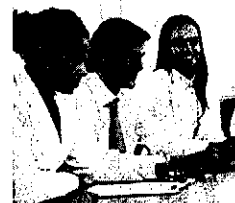
APRIL 1-MAY 31, 2013



PENNY VERNON, MANAGER
BRUCE COSTAIN, CANDIDATE ADVOCATE



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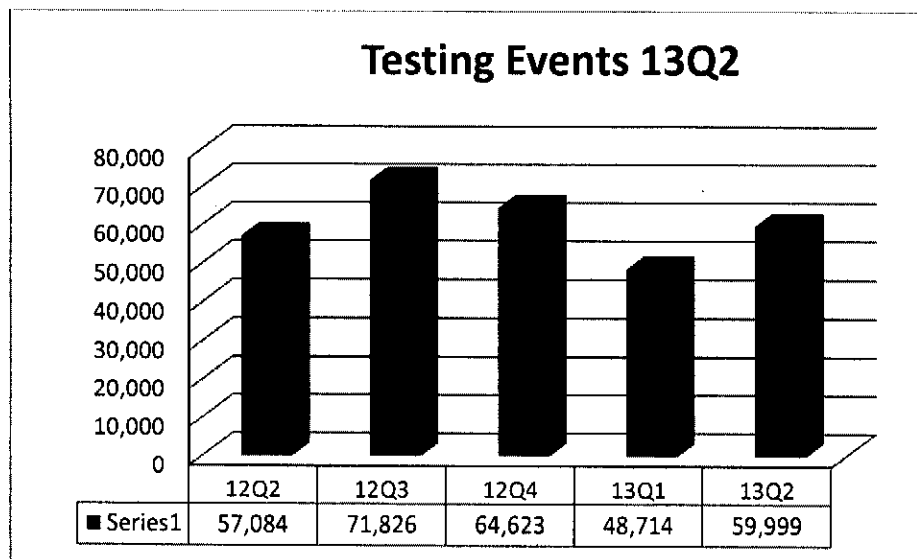


CANDIDATE CARE CONCERNS

13Q2

APRIL 1-MAY 31, 2013

This report offers a synopsis of reported concerns expressed to NASBA's Candidate Care Department by CPA candidates during the 13Q2 testing window.



ENVIRONMENTAL ISSUES:

The horror of the Boston Marathon Bombing caused the closure of several test centers in the area when the city and surrounding communities were placed under lockdown. Prometric immediately was on top of the situation. They contacted candidates to inform them not to attend their exams and worked with them to assist in rescheduling. NASBA extended NTSs for any candidates whose time had expired.

Also, there was severe flooding in Illinois around the same time. Candidates who contacted NASBA's Candidate Care Department because they were unable to attend their appointments were given consideration for a free retest on a case by case basis.

EXIT ISSUE:

There was an increase in the number of candidates in the past couple of testing windows who reported that they inadvertently exited out of the examination before finishing. When this occurs candidates are informed that they will need to wait for the score. And, if they do not pass will be required to reapply and pay to receive a new NTS in order to take the exam in the next testing window as they have had exposure to test questions. NASBA sent out an email

blast to candidates with a reminder of the navigation procedure. They received the following Navigation Reminder:

Each of the four testlets starts on a Directions landing page and provides information about navigation within and between testlets.

Candidates are advised to read the directions to understand how to correctly navigate within the MCQ and TBS testlets using the navigation bar at the bottom of the screen.

Failure to follow the navigation directions may cause some candidates to Exit a testlet prematurely, adversely affecting their scores.

NOTEBOARDS:

This past window NASBA's Candidate Care Department did not receive any further complaints about the use of the new Noteboards and markers. However, many candidates still left comments in the survey at the end of the examination voicing their displeasure with the change from scratch paper and pencils.

TESTING ACCOMMODATIONS:

306 ADA candidates tested in the 13Q2 testing window. The total number of examinations administered with Testing Accommodations was 373. Some candidates took multiple sections, three exams were given over multiple days and ten were international administrations.

There have been changes made to the fees for Separate Room Accommodations as well as Site shutdown fees for non-CPAES States.

If a candidate has been approved to test in a Separate Room as a special accommodation, and the candidate agrees to test at a Prometric Test Center that is equipped with a separate room, there is no charge to the Board for the Separate Room accommodation.

If there are no test centers in the candidate's area that have a separate room or the candidate is unable or unwilling to travel to the nearest location with a Separate Room, Prometric will consider shutting a test center down to accommodate the candidate. All the appointments on the day of testing are cancelled and the candidate is the only one testing during his or her scheduled hours, effectively creating a Separate Room environment. Prometric will contact NASBA for approval prior to shutting down a test center, and NASBA will reach out to the Board with an estimate of the Separate Room charge.

NOTE: Prometric does not charge for the shut down if there is not a test center with a Separate Room within 100 miles from the candidate's home address.

If there is a test center with a Separate Room within 100 miles, but the candidate is unwilling or unable (due to medical reasons) to test at that location, Prometric will charge a fee for each examination event. The fee typically is \$1500 or more per event depending on the length of the exam and the number of seats at the particular test center. If the site shutdown is approved by NASBA, the candidate's exam is scheduled and Prometric invoices NASBA approximately 30

days after the exam. As with other Special Accommodation charges, Boards are responsible for the charges and are invoiced by NASBA on a monthly basis.

BLOGS:

Our Candidate Care Department has begun posting a blog on NASBA's website (select BLOGS/FEATURES), one of which is entitled: Top 10 CPA Exam Process Errors. This posting was based on the most frequent errors regarding the exam process reported by candidates over the past several years. A resolution to each error was presented with the intention of reducing these incidents.

We appreciated being given the opportunity to act as advocates for your candidates and look forward to continuing to assist them in the future. If you have any questions, please contact Penny Vernon directly at 615-880-4209 or by email at pvernon@nasba.org.

SUMMARY OF CANDIDATE CONCERNS:

Candidate Concerns: Categories and Totals					
Window	12Q2	12Q3	12Q4	13Q1	13Q2
Category					
AICPA & Test Content	7	6	6	3	13
Calculator	1	1	0	0	0
Candidate Error	54	74	57	58	69
Confirmation of Attendance	121	105	102	79	119
Delay/Time Loss	15	0	0	0	0
Environment	1	70	253	84	17
International Exam	361	255	177	137	176
Other	0	0	0	0	0
Prometric Scheduling Issues	3	18	12	13	8
Prometric Site Issues	35	56	37	36	39
Technical	216	85	100	107	73
Total	814	670	744	517	514
*Coordinator follow-up	84	83	72	39	44
*CPAES & NCD	88	72	79	71	58
TOTAL	986	825	895	627	616

*Note: The Coordinator Follow-up and CPAES & NCD categories primarily consist of inquiries made by candidates with questions and/or concerns about the entire process of taking the CPA Examination. Each is responded to either directly by the Candidate Care Department or transferred to the appropriate examination coordinator for follow-up.