

Meeting Agenda
SOUTH DAKOTA BOARD OF ACCOUNTANCY
 Eide Bailly – 5th Floor Conference Room
 200 E. 10th St., Sioux Falls
 August 9, 2017, 8:30 a.m. (CDT)

A=Action
 D=Discussion
 I=Information

A. Call to Order.....	Pummel
B. A-Nominating Committee.....	Brunick
C. A-Approval of Minutes of Meeting July 21, 2017.....	2-3
D. A-Approval of Certificates & Firm Permits.....	4
E. A-Approval of Financial Statements through July 2017.....	5-12
F. A-Report to Board on NASBA Annual Meeting	13
G. A-Report to Board from CPE Committee.....	14
H. A-FY19 Proposed Budget.....	15-16
I. D-Executive Director's Report.....	17-18
J. D-NASBA Central Region Director, Sharron Jensen.....	Jensen
K. D-1:30 SD CPA Society.....	19-20

NASBA

L. D-UAA Use of Titles Exposure Draft.....	21-29
Response from TN.....	30-31
Response from FL.....	32
M. D-Board of Directors Meeting Minutes April 21, 2017.....	33-40
N. D-Board of Directors Meeting Highlights July 21, 2017.....	41-43
O. D-Report of the Nominating Committee.....	44
P. D-Proposed Bylaws Amendment.....	45
Q. A-Quarterly Focus Questions.....	46-48

EXECUTIVE SESSION

R. Equivalent Reviews, Off-Site Request and Complaints for Board Approval Spt. Pkt.

FUTURE MEETING DATES (all times CT)

S. Meeting Dates TBD

T. Adjournment

Meeting Minutes
SOUTH DAKOTA BOARD OF ACCOUNTANCY
Conference Call
July 21, 2017 9:00 a.m. CDT

Chair David Pummel called the meeting to order at 9:00 a.m. Nicole Kasin called the roll. A quorum was present.

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

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
Addition to AICPA, Board of Examiners Meeting Highlights June 1-2, 2017
Addition to Executive Session

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

Marty Guindon made a motion to approve the June 20, 2017 meeting minutes. Jeff Smith seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Budahl -yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

Deidre Budahl made a motion to approve the issuance of individual certificates and firm permits through July 19, 2017. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Budahl -yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

Jeff Strand made a motion to approve the financial statements through June 2017. Holly Brunick seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Budahl -yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

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

The Board discussed the AICPA's Board of Examiners Meeting Highlights from June 1-2, 2017.

Holly Brunick made a motion to enter into executive session for the deliberative process for complaints. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Budahl -yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board came out of executive session.

Jeff Smith made a motion to close the complaints as discussed in executive session. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED** (Strand -yea; Budahl -yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

FUTURE MEETING DATES (all times CT)

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

Holly Brunick made a motion to adjourn the meeting. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED** (Strand -yea; Budahl -yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 9:15 a.m.

David Pummel, CPA, Chair

Attest: _____
Nicole Kasin, Executive Director

Jeff Smith, Sec/Treasurer

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

**Issued Through
August 3, 2017**

Number	Name	Date Issued	Basis/Comments
1696	CarlsonSV, LLP Amery, WI	07/28/17	Name Change
1697	Carlson Advisors, LLP Minneapolis, MN	08/01/17	New Firm
1698	Eberhard Accounting, LLC Sioux Falls, SD	08/03/17	New Firm

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	495,503.69	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			495,503.69	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			495,503.69	DR **	
BUDGET UNIT TOTAL 1031			495,503.69	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 07/31/2017

AGENCY	BUDGET UNIT	CENTER-5	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	
10	1031	10310	LABOR & REGULATION BOARD OF ACCOUNTANCY			6503	1031000061802	PROFESSIONAL & LICENSING BOARDS										
6503	1031000061802	51010100				6503	1031000061802	51010100	CGEX170628	07/05/2017						2,568.20	DR	
6503	1031000061802	51010100				6503	1031000061802	51010100	CGEX170712	07/14/2017						2,355.32	DR	
6503	1031000061802	51010100	F-T EMP SAL & WAGES			6503	1031000061802	51010200	CGEX170628	07/05/2017						4,923.52	DR	
6503	1031000061802	51010200	F-T EMP SAL & WAGES			6503	1031000061802	51010200	CGEX170712	07/14/2017						1,024.19	DR	
6503	1031000061802	51010200	P-T/TEMP EMP SAL & WAGES			6503	1031000061802	51010300	CGEX170628	07/05/2017						1,957.78	DR	
6503	1031000061802	51010300	BOARD & COMM MBRS FEES			6503	1031000061802	51020100	CGEX170628	07/05/2017						540.00	DR	
6503	1031000061802	51020100	EMPLOYEE SALARIES			6503	1031000061802	51020100	CGEX170712	07/14/2017						7,421.30	DR	
6503	1031000061802	51020100	CASI-EMPLOYER'S SHARE			6503	1031000061802	51020200	CGEX170628	07/05/2017						215.53	DR	
6503	1031000061802	51020200	RETIREMENT-ER SHARE			6503	1031000061802	51020600	CGEX170712	07/14/2017						748.86	DR	
6503	1031000061802	51020600	HEALTH/LIFE INS.-ER SHARE			6503	1031000061802	51020800	CGEX170712	07/14/2017						1,496.53	DR	
6503	1031000061802	51020800	WORKER'S COMPENSATION			6503	1031000061802	51020900	CGEX170628	07/05/2017						11.71	DR	
6503	1031000061802	51020900	UNEMPLOYMENT COMPENSATION			6503	1031000061802	51020900	CGEX170712	07/14/2017						1.48	DR	
6503	1031000061802	52030200	EMPLOYEE BENEFITS			6503	1031000061802	52030200	CGEX170727	07/31/2017						3.09	DR	
6503	1031000061802	52030200	PERSONAL SERVICES			6503	1031000061802	52030200	CGEX170727	07/31/2017						2,423.61	DR	
6503	1031000061802	52041800	AUTO PRIV (IN-ST.) L/RTE			6503	1031000061802	52041800	DP706102	07/26/2017						103.04	DR	
6503	1031000061802	52041800	TRAVEL			6503	1031000061802	52041800	DP706102	07/26/2017						103.04	DR	
6503	1031000061802	52041810	COMPUTER SERVICES-STATE			6503	1031000061802	52041810	DP706102	07/26/2017						106.05	DR	
6503	1031000061802	52042000	BIT DEVELOPMENT COSTS			6503	1031000061802	52042000	FM706069	07/26/2017						690.00	DR	
6503	1031000061802	52042000	PL706057			6503	1031000061802	52042000	PL706057	07/19/2017						1,210.15	DR	
6503	1031000061802	52042000				6503	1031000061802	52042000		07/19/2017						131.30	DR	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 07/31/2017

AGENCY	UNIT	BUDGET CENTER	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
10	1031	10310	LABOR & REGULATION	BOARD OF ACCOUNTANCY								
6503	103100061802	520422000			RM706048	07/21/2017					73.92	DR
6503	103100061802	5204200									1,415.37	DR *
6503	103100061802	52044900	CENTRAL SERVICES	ACCOUNTRENT2018		07/31/2017	02213989	MCGINNISRO	12074040		1,269.45	DR
6503	103100061802	52045300	RENTS-PRIVATE OWNED PROP.								1,269.45	DR *
6503	103100061802	52045300	TI706153			07/26/2017	00425401	MIDCONTINE	12023782		91.90	DR
6503	103100061802	52045300	1111090018796			07/12/2017	00428696	ATMOMOBILIT	12279233		255.00	DR
6503	103100061802	52045300	8381416X06242017			07/19/2017					42.00	DR
6503	103100061802	5204530	TELECOMMUNICATIONS SRVCS								388.90	DR *
6503	103100061802	52045400	5159417006 0617			07/31/2017	02213638	XCELENERGY	12023853		44.97	DR
6503	103100061802	5204540	ELECTRICITY								980.80	DR *
6503	103100061802	52047400	CI108A-001			07/12/2017	299632				44.97	DR
6503	103100061802	5204740	BANK FEES AND CHARGES								980.80	DR *
6503	103100061802	5204	CONTRACTUAL SERVICES								4,895.54	DR **
6503	103100061802	5228000	TI07-126			07/19/2017					538.36	DR
6503	103100061802	5228000	OPER TRANS OUT -NON BUDGT								538.36	DR *
6503	103100061802	5228	NONOP EXP/NONBGTD OP TR								5,536.94	DR **
6503	103100061802	52	OPERATING EXPENSES								15,381.85	DR ****
6503	103100061802	6503									15,381.85	DR *****
6503	103100061802	103100061802									15,381.85	DR *****
6503	103100061802	1031									15,381.85	DR *****

South Dakota Board of Accountancy
Balance Sheet
As of July 31, 2017

	Jul 31, 17
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	22,196.53
1140000 · Pool Cash State of SD	495,503.69
Total Checking/Savings	517,700.22
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	526,997.79
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	542,298.79
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	15,194.68
Total Accounts Payable	15,194.68
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,530.77
2810000 · Amounts Held for Others	32,176.49
Total Other Current Liabilities	39,707.26
Total Current Liabilities	54,901.94
Long Term Liabilities	
2960000 · Compensated Absences Payable	17,470.51
Total Long Term Liabilities	17,470.51
Total Liabilities	72,372.45
Equity	
3220000 · Unrestricted Net Assets	317,825.02
3900 · Retained Earnings	62,017.54
Net Income	90,083.78
Total Equity	469,926.34
TOTAL LIABILITIES & EQUITY	542,298.79

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2017

	Jul 17	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	2,500.00	-2,450.00	2.0%
4293551 · Certificate Renewals-Active	32,250.00	58,000.00	-25,750.00	55.6%
4293552 · Certificate Renewals-Inactive	7,200.00	21,000.00	-13,800.00	34.3%
4293553 · Certificate Renewals-Retired	490.00	1,050.00	-560.00	46.7%
4293554 · Initial Firm Permits	50.00	700.00	-650.00	7.1%
4293555 · Firm Permit Renewals	6,550.00	15,500.00	-8,950.00	42.3%
4293557 · Initial Audit	60.00	900.00	-840.00	6.7%
4293558 · Re-Exam Audit	180.00	2,460.00	-2,280.00	7.3%
4293560 · Late Fees-Initial Certificate	0.00	0.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	250.00	3,000.00	-2,750.00	8.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	50.00	500.00	-450.00	10.0%
4293564 · Late Fees-Peer Review	350.00	1,300.00	-950.00	26.9%
4293566 · Firm Permit Owners	55,925.00	105,000.00	-49,075.00	53.3%
4293567 · Peer Review Admin Fee	525.00	5,500.00	-4,975.00	9.5%
4293568 · Firm Permit Name Change	25.00	100.00	-75.00	25.0%
4293569 · Initial FAR	90.00	1,140.00	-1,050.00	7.9%
4293570 · Initial REG	30.00	660.00	-630.00	4.5%
4293571 · Initial BEC	60.00	930.00	-870.00	6.5%
4293572 · Re-Exam FAR	150.00	1,860.00	-1,710.00	8.1%
4293573 · Re-Exam REG	150.00	2,310.00	-2,160.00	6.5%
4293574 · Re-Exam BEC	60.00	2,310.00	-2,250.00	2.6%
4491000 · Interest and Dividend Revenue	0.00	4,000.00	-4,000.00	0.0%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	104,495.00	231,720.00	-127,225.00	45.1%
Gross Profit	104,495.00	231,720.00	-127,225.00	45.1%
Expense				
5101010 · F-T Emp Sal & Wages	4,923.52	76,588.00	-71,664.48	6.4%
5101020 · P-T/Temp Emp Sal & Wages	1,957.78	31,035.00	-29,077.22	6.3%
5101030 · Board & Comm Mbrs Fees	540.00	4,683.00	-4,143.00	11.5%
5102010 · OASI-Employer's Share	499.42	8,281.00	-7,781.58	6.0%
5102020 · Retirement-ER Share	412.86	6,495.00	-6,082.14	6.4%
5102060 · Health /Life Ins.-ER Share	1,496.53	21,183.00	-19,686.47	7.1%
5102080 · Worker's Compensation	11.71	43.00	-31.29	27.2%
5102090 · Unemployment Insurance	3.09	108.00	-104.91	2.9%
5203010 · Auto--State Owned	0.00	400.00	-400.00	0.0%
5203020 · Auto-Private-Ownees Low Mileage	0.00	400.00	-400.00	0.0%
5203030 · In State-Auto- Priv. High Miles	0.00	1,500.00	-1,500.00	0.0%
5203100 · In State-Lodging	0.00	1,000.00	-1,000.00	0.0%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnight	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	400.00	-400.00	0.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	0.00	6,000.00	-6,000.00	0.0%
5203280 · OS-Other Public Carrier	0.00	500.00	-500.00	0.0%
5203300 · OS-Lodging	0.00	7,800.00	-7,800.00	0.0%
5203320 · OS-Incidentals to Travel	0.00	450.00	-450.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	1,000.00	-1,000.00	0.0%
5204010 · Subscriptions	0.00	1,000.00	-1,000.00	0.0%
5204020 · Dues and Membership Fees	0.00	3,900.00	-3,900.00	0.0%
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	0.00	6,000.00	-6,000.00	0.0%
5204180 · Computer Services-State	0.00	5,000.00	-5,000.00	0.0%
5204181 · Computer Development Serv-State	0.00	2,000.00	-2,000.00	0.0%
5204200 · Central Services	1,341.45	9,000.00	-7,658.55	14.9%
5204220 · Equipment Service & Maintenance	0.00	300.00	-300.00	0.0%
5204230 · Janitorial/Maintenance Services	134.25	1,650.00	-1,515.75	8.1%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%

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

	Jul 17	Budget	\$ Over Budget	% of Budget
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	0.00	4,000.00	-4,000.00	0.0%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	15,734.00	-14,464.55	8.1%
5204510 · Rent-Other	0.00	500.00	-500.00	0.0%
5204530 · Telecommunications Services	302.00	3,500.00	-3,198.00	8.6%
5204540 · Electricity	0.00	865.00	-865.00	0.0%
5204560 · Water	0.00	240.00	-240.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	980.80	6,500.00	-5,519.20	15.1%
5204960 · Other Contractual Services	0.00	0.00	0.00	0.0%
5205020 · Office Supplies	0.00	2,000.00	-2,000.00	0.0%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	250.00	-250.00	0.0%
5205320 · Printing/Duplicating/Binding Co	0.00	1,000.00	-1,000.00	0.0%
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	0.00	2,000.00	-2,000.00	0.0%
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	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	538.36	6,000.00	-5,461.64	9.0%
Total Expense	14,411.22	274,415.00	-260,003.78	5.3%
Net Ordinary Income	90,083.78	-42,695.00	132,778.78	-211.0%
Net Income	90,083.78	-42,695.00	132,778.78	-211.0%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
 July 2017

	Jul 17	Jul 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	150.00	-100.00	-66.7%
4293551 · Certificate Renewals-Active	32,250.00	47,400.00	-15,150.00	-32.0%
4293552 · Certificate Renewals-Inactive	7,200.00	15,300.00	-8,100.00	-52.9%
4293553 · Certificate Renewals-Retired	490.00	920.00	-430.00	-46.7%
4293554 · Initial Firm Permits	50.00	150.00	-100.00	-66.7%
4293555 · Firm Permit Renewals	6,550.00	10,850.00	-4,300.00	-39.6%
4293557 · Initial Audit	60.00	90.00	-30.00	-33.3%
4293558 · Re-Exam Audit	180.00	90.00	90.00	100.0%
4293561 · Late Fees-Certificate Renewals	250.00	0.00	250.00	100.0%
4293563 · Late Fees-Firm Permit Renewals	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	350.00	50.00	300.00	600.0%
4293566 · Firm Permit Owners	55,925.00	90,035.00	-34,110.00	-37.9%
4293567 · Peer Review Admin Fee	525.00	75.00	450.00	600.0%
4293568 · Firm Permit Name Change	25.00	50.00	-25.00	-50.0%
4293569 · Initial FAR	90.00	90.00	0.00	0.0%
4293570 · Initial REG	30.00	30.00	0.00	0.0%
4293571 · Initial BEC	60.00	60.00	0.00	0.0%
4293572 · Re-Exam FAR	150.00	120.00	30.00	25.0%
4293573 · Re-Exam REG	150.00	270.00	-120.00	-44.4%
4293574 · Re-Exam BEC	60.00	150.00	-90.00	-60.0%
Total Income	104,495.00	165,930.00	-61,435.00	-37.0%
Gross Profit	104,495.00	165,930.00	-61,435.00	-37.0%
Expense				
5101010 · F-T Emp Sal & Wages	4,923.52	4,952.98	-29.46	-0.6%
5101020 · P-T/Temp Emp Sal & Wages	1,957.78	1,873.64	84.14	4.5%
5101030 · Board & Comm Mbrs Fees	540.00	900.00	-360.00	-40.0%
5102010 · OASI-Employer's Share	499.42	523.71	-24.29	-4.6%
5102020 · Retirement-ER Share	412.86	409.59	3.27	0.8%
5102060 · Health /Life Ins.-ER Share	1,496.53	1,452.28	44.25	3.1%
5102080 · Worker's Compensation	11.71	8.18	3.53	43.2%
5102090 · Unemployment Insurance	3.09	2.64	0.45	17.1%
5203020 · Auto-Private-Ownes Low Mileage	0.00	156.86	-156.86	-100.0%
5203030 · In State-Auto- Priv. High Miles	0.00	50.40	-50.40	-100.0%
5203100 · In State-Lodging	0.00	156.60	-156.60	-100.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	28.00	-28.00	-100.0%
5203230 · OS-Auto Private High Mileage	0.00	335.16	-335.16	-100.0%
5203260 · OS-Air Commercial Carrier	0.00	2,165.60	-2,165.60	-100.0%
5203280 · OS-Other Public Carrier	0.00	257.35	-257.35	-100.0%
5203300 · OS-Lodging	0.00	2,055.15	-2,055.15	-100.0%
5203320 · OS-Incidentals to Travel	0.00	230.00	-230.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	297.00	-297.00	-100.0%
5204180 · Computer Services-State	0.00	106.05	-106.05	-100.0%
5204200 · Central Services	1,341.45	1,298.70	42.75	3.3%
5204220 · Equipment Service & Maintenance	0.00	3.38	-3.38	-100.0%
5204230 · Janitorial/Maintenance Services	134.25	130.34	3.91	3.0%
5204460 · Equipment Rental	0.00	71.00	-71.00	-100.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	302.00	211.34	90.66	42.9%
5204540 · Electricity	0.00	43.97	-43.97	-100.0%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204740 · Bank Fees and Charges	980.80	1,063.50	-82.70	-7.8%
5205320 · Printing/Duplicating/Binding Co	0.00	13.80	-13.80	-100.0%
5228000 · Operating Transfers Out-NonBudg	538.36	319.67	218.69	68.4%
Total Expense	14,411.22	20,408.69	-5,997.47	-29.4%
Net Ordinary Income	90,083.78	145,521.31	-55,437.53	-38.1%
Net Income	90,083.78	145,521.31	-55,437.53	-38.1%

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

	Jul 17	Jul 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	150.00	-100.00	-66.7%
4293551 · Certificate Renewals-Active	32,250.00	47,400.00	-15,150.00	-32.0%
4293552 · Certificate Renewals-Inactive	7,200.00	15,300.00	-8,100.00	-52.9%
4293553 · Certificate Renewals-Retired	490.00	920.00	-430.00	-46.7%
4293554 · Initial Firm Permits	50.00	150.00	-100.00	-66.7%
4293555 · Firm Permit Renewals	6,550.00	10,850.00	-4,300.00	-39.6%
4293557 · Initial Audit	60.00	90.00	-30.00	-33.3%
4293558 · Re-Exam Audit	180.00	90.00	90.00	100.0%
4293561 · Late Fees-Certificate Renewals	250.00	0.00	250.00	100.0%
4293563 · Late Fees-Firm Permit Renewals	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	350.00	50.00	300.00	600.0%
4293566 · Firm Permit Owners	55,925.00	90,035.00	-34,110.00	-37.9%
4293567 · Peer Review Admin Fee	525.00	75.00	450.00	600.0%
4293568 · Firm Permit Name Change	25.00	50.00	-25.00	-50.0%
4293569 · Initial FAR	90.00	90.00	0.00	0.0%
4293570 · Initial REG	30.00	30.00	0.00	0.0%
4293571 · Initial BEC	60.00	60.00	0.00	0.0%
4293572 · Re-Exam FAR	150.00	120.00	30.00	25.0%
4293573 · Re-Exam REG	150.00	270.00	-120.00	-44.4%
4293574 · Re-Exam BEC	60.00	150.00	-90.00	-60.0%
Total Income	104,495.00	165,930.00	-61,435.00	-37.0%
Gross Profit	104,495.00	165,930.00	-61,435.00	-37.0%
Expense				
5101010 · F-T Emp Sal & Wages	4,923.52	4,952.98	-29.46	-0.6%
5101020 · P-T/Temp Emp Sal & Wages	1,957.78	1,873.64	84.14	4.5%
5101030 · Board & Comm Mbrs Fees	540.00	900.00	-360.00	-40.0%
5102010 · OASI-Employer's Share	499.42	523.71	-24.29	-4.6%
5102020 · Retirement-ER Share	412.86	409.59	3.27	0.8%
5102060 · Health /Life Ins.-ER Share	1,496.53	1,452.28	44.25	3.1%
5102080 · Worker's Compensation	11.71	8.18	3.53	43.2%
5102090 · Unemployment Insurance	3.09	2.64	0.45	17.1%
5203020 · Auto-Private-Ownes Low Mileage	0.00	156.86	-156.86	-100.0%
5203030 · In State-Auto- Priv. High Miles	0.00	50.40	-50.40	-100.0%
5203100 · In State-Lodging	0.00	156.60	-156.60	-100.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	28.00	-28.00	-100.0%
5203230 · OS-Auto Private High Mileage	0.00	335.16	-335.16	-100.0%
5203260 · OS-Air Commercial Carrier	0.00	2,165.60	-2,165.60	-100.0%
5203280 · OS-Other Public Carrier	0.00	257.35	-257.35	-100.0%
5203300 · OS-Lodging	0.00	2,055.15	-2,055.15	-100.0%
5203320 · OS-Incidentals to Travel	0.00	230.00	-230.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	297.00	-297.00	-100.0%
5204180 · Computer Services-State	0.00	106.05	-106.05	-100.0%
5204200 · Central Services	1,341.45	1,298.70	42.75	3.3%
5204220 · Equipment Service & Maintenance	0.00	3.38	-3.38	-100.0%
5204230 · Janitorial/Maintenance Services	134.25	130.34	3.91	3.0%
5204460 · Equipment Rental	0.00	71.00	-71.00	-100.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	302.00	211.34	90.66	42.9%
5204540 · Electricity	0.00	43.97	-43.97	-100.0%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204740 · Bank Fees and Charges	980.80	1,063.50	-82.70	-7.8%
5205320 · Printing/Duplicating/Binding Co	0.00	13.80	-13.80	-100.0%
5228000 · Operating Transfers Out-NonBudg	538.36	319.67	218.69	68.4%
Total Expense	14,411.22	20,408.69	-5,997.47	-29.4%
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Net Income	90,083.78	145,521.31	-55,437.53	-38.1%

REPORT TO BOARD ON NASBA ANNUAL MEETING

The Annual Meeting for NASBA will be held October 29-November 1, 2017. The location of the meeting will be in New York, NY.

This is a request for a board motion to approve travel for Board Members and the Executive Director to attend the Annual NASBA meeting.

REPORT TO BOARD ON CPE COMMITTEE

Nicole Kasin

Jeff Strand and I were able to meet at the Board office on July 25 in regards to reviewing the CPE Standards from NASBA that went into effect September 1, 2016 and to review the draft model rules that were approved by the UAA committee on December 20, 2016.

We focused our discussion on four areas of the draft model rules as follows:

1. The requirement of 50% of CPE being completed for the reporting period be in a technical field of study.
2. Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a government entity that supports professional services or industries that require unique and specific knowledge in accounting or tax compliance shall qualify for CPE credit.
3. Nano learning and one-fifth credit
4. Ethics CPE and minimum requirement of 2 CPE on an annual basis

Through our evaluation number one seemed unlikely to be implemented, since the Board does not track the expertise of each CPA for determining 50% of CPE in a technical field would be a daunting task. Number two sounds similar to the currently accepted non-sponsored form that the Board already accepts for group courses by non-sponsored providers. Number three would be acceptable with rule changes and accepting nano courses from sponsors on the NASBA registry. Number four, we could not establish the need for required ethics courses at this time, and although almost all state boards require ethics CPE, the argument to implement such a rule at this time does not seem to meet any current need or address any observed deficiency.

In addition to the above, the CPE standards that went into effect September 1, 2016 also show changes to CPE definitions, changes in CPE hours with one-fifth increments for nano learning, beginning self-study credits at one-half CPE, and allowing one-fifth or one-half credit after the first credit is earned, and standards updates that apply to various rules in ARSD 20:75:04.

It is the recommendation of the committee to review the administrative rules (ARSD 20:75:04) for CPE and bring forth any changes in a rules package for the Board and public to review.

FY19 BUDGET WORKSHEET							
			State Act	QB Act	FY18	Expand-	FY19
Income	Description	FY16	FY17	FY17	Budget	Reduce	Budget
4293550	Initial Individual Certificate	2,150.00	2,800.00	2,800.00	2,500.00	0.00	2,500.00
4293551	Cert Renew-Active	57,600.00	61,280.00	67,730.00	58,000.00	2000.00	60,000.00
4293552	Cert Renew-Inactive	18,200.00	19,900.00	23,150.00	21,000.00	0.00	21,000.00
4293553	Cert Renew-Retired	950.00	1,310.00	1,610.00	1,050.00	200.00	1,250.00
4293554	Initial Firm Permit	500.00	800.00	800.00	700.00	0.00	700.00
4293555	Firm Permit Renew	13,350.00	13,900.00	15,550.00	15,500.00	(1000.00)	14,500.00
4293557	Initial Audit	5,499.31	4,548.45	630.00	900.00	0.00	900.00
4293558	Re-exam Audit	17,835.59	15,340.02	2,100.00	2,460.00	0.00	2,460.00
4293560	Late Fee-Initial Certificate	50.00	100.00	100.00	0.00	0.00	0.00
4293561	Late Fees-Cert Renew	3,350.00	2,750.00	2,750.00	3,000.00	0.00	3,000.00
4293562	Late Fees-Firm Permits	0.00	0.00	0.00	0.00	0.00	0.00
4293563	Late Fees-Firm Perm Renewals	400.00	400.00	400.00	500.00	0.00	500.00
4293564	Late Fees- Peer Review	900.00	1,100.00	1,000.00	1,300.00	0.00	1,300.00
4293566	Firm Permit Owners	94,870.00	108,680.00	122,425.00	105,000.00	4000.00	109,000.00
4293567	Peer Review Admin Fee	3,600.00	5,175.00	5,025.00	5,500.00	0.00	5,500.00
4293568	Firm Permit Name Change	150.00	275.00	250.00	100.00	0.00	100.00
4293569	Initial FAR	5,731.67	8,317.02	1,170.00	1,140.00	0.00	1,140.00
4293570	Initial REG	6,717.71	5,787.69	810.00	660.00	0.00	660.00
4293571	Initial BEC	4,198.66	7,335.54	1,110.00	930.00	0.00	930.00
4293572	Re-Exam FAR	12,616.50	14,858.50	2,010.00	1,860.00	0.00	1,860.00
4293573	Re-exam REG	14,092.09	15,727.85	2,220.00	2,310.00	0.00	2,310.00
4293574	Re-exam BEC	15,139.56	13,564.42	1,950.00	2,310.00	0.00	2,310.00
4491000	Interest and Dividend Revenue	4,714.96	5,466.12	5,466.12	4,000.00	500.00	4,500.00
4896021	Legal Recovery Cost	1,450.00	1,050.00	1,050.00	1,000.00	0.00	1,000.00
4950	Refund Prior Years Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	Total Income	284,066.05	310,465.61	262,106.12	231,720.00	5,700.00	237,420.00
			State Act	QB Act	FY18	Expand-	FY17
Expenses - Sal & Benefits		FY16	FY17	FY17	Budget	Reduce	Budget
5101010	F-T Emp Sal & Wages	55,145.00	59,087.52	59,087.52	76,588.00	0.00	76,588.00
5101020	P-T Emp Sal & Wages	23,343.00	23,376.59	23,376.59	31,035.00	0.00	31,035.00
5101030	Board & Comm. Members	3,300.00	4,860.00	4,860.00	4,683.00	0.00	4,683.00
5102010	OASI - Employers	5,510.00	5,920.08	5,920.08	8,281.00	0.00	8,281.00
5102020	Retirement - Employers	4,691.00	4,947.78	4,947.78	6,495.00	0.00	6,495.00
5102060	Health Insurance	13,222.00	17,506.77	17,506.77	21,183.00	0.00	21,183.00
5102080	Workers Comp	63.00	98.77	98.77	43.00	0.00	43.00
5102090	Unemployment	23.00	31.94	31.94	108.00	0.00	108.00
	Sal & Benefits Totals	105,297.00	115,829.45	115,829.45	148,416.00	0.00	148,416.00
			State Act	QB Act	FY18	Expand-	FY18
Expenses - Operational		FY16	FY17	FY17	Budget	Reduce	Budget
5203010	Auto - State Vehicle	79.00	111.55	111.55	400.00	0.00	400.00
5203020	Auto Private In State -employees	125.00	364.78	467.82	400.00	0.00	400.00
5203030	Auto Private In State- Board	1058.00	729.12	881.16	1,500.00	0.00	1,500.00
5203100	Lodging In State	320.00	564.10	564.10	1,000.00	0.00	1,000.00
5203120	Incidentals to Travel- In State	20.00	25.00	25.00	100.00	0.00	100.00
5203140	Meals Not Overnight - In State	22.00	11.00	11.00	100.00	0.00	100.00
5203150	Meals Overnight - In State	268.00	305.00	249.00	400.00	0.00	400.00
5203230	Auto Private Out of State - Board	144.00	487.20	1,034.04	100.00	0.00	100.00

5203260	Air Travel-Out of State	3554.00	5546.88	6,252.48	6,000.00	500.00	6,500.00
5203280	Other Public Transp Out of State	460.00	545.10	594.10	500.00	200.00	700.00
5203300	Lodging Out of State	4148.00	7682.90	9,389.92	7,800.00	1200.00	9,000.00
5203320	Incidentals to Travel- Out of State	339.00	443.00	507.00	450.00	50.00	500.00
5203350	Meals Overnight - Out of State	644.00	654.00	998.00	1,000.00	0.00	1,000.00
5204010	Subscriptions	508.00	557.58	557.58	1,000.00	0.00	1,000.00
5204020	Dues & Membership Fees	3450.00	3450.00	3,450.00	3,900.00	0.00	3,900.00
5204030	Legal Document Fees	0.00	0.00	0.00	300.00	0.00	300.00
5204040	Consultant Fees - Audit	0.00	0.00	0.00	7,100.00	200.00	7,300.00
5204050	Computer Consultant - Database	34075.00	0.00	0.00	15,000.00	0.00	15,000.00
5204080	Consultant Fees - Legal	0.00	0.00	0.00	0.00	0.00	0.00
5204160	Workshop Registration Fees	4865.00	6255.00	6,255.00	6,000.00	500.00	6,500.00
5204180	Computer Services - State	4230.00	4981.80	4,444.05	5,000.00	0.00	5,000.00
5204181	Computer Dev. State	0.00	0.00	0.00	2,000.00	0.00	2,000.00
5204200	Central Services	6149.00	6493.03	6,493.03	9,000.00	0.00	9,000.00
5204220	Equipment Service & Maint	877.00	885.40	33.40	300.00	0.00	300.00
5204230	Janitorial	1519.00	1564.08	1,564.08	1,650.00	0.00	1,650.00
5204340	Computer-Tech Support	1021.00	176.80	176.80	2,000.00	0.00	2,000.00
5204360	Advertising-Newspaper	0.00	0.00	0.00	1,000.00	0.00	1,000.00
5204440	Newsletter Publishing	0.00	0.00	0.00	100.00	0.00	100.00
5204460	Equipment Rental	2412.00	2412.00	3,264.00	4,000.00	0.00	4,000.00
5204480	Microfilm Processing	0.00	0.00	0.00	0.00	0.00	0.00
5204490	Rents-Private	15233.00	15233.40	15,233.40	15,734.00	0.00	15,734.00
5204510	Rents-Other	249.00	318.04	318.04	500.00	0.00	500.00
5204530	Telecommunications	3296.00	3562.78	3,617.76	3,500.00	1000.00	4,500.00
5204540	Electricity	599.00	671.23	671.79	865.00	0.00	865.00
5204560	Water	112.00	134.10	128.75	240.00	0.00	240.00
5204590	Insurance Premiums	646.00	569.50	569.50	1,710.00	0.00	1,710.00
5204740	Bank Svc Chrg (Credit Card Fees)	4721.00	5028.50	5,028.50	6,500.00	0.00	6,500.00
5204960	Other Contractual - NASBA	72592.00	67469.36	967.40	0.00	0.00	0.00
5205020	Office Supplies	20.00	264.97	675.32	2,000.00	0.00	2,000.00
5205028	Office Supplies	870.00	410.35	0.00	0.00	0.00	0.00
5205310	Printing/Copying State	0.00	0.00	0.00	250.00	0.00	250.00
5205320	Printing Commercial	295.00	304.46	328.61	1,000.00	0.00	1,000.00
5205330	Supplement Publications & Ref	0.00	0.00	0.00	700.00	0.00	700.00
5205340	Microfilm Supplies & Material	0.00	0.00	0.00	0.00	0.00	0.00
5205350	Postage	1142.00	2036.17	2,036.17	2,000.00	0.00	2,000.00
5207430	Office Machines	0.00	0.00	0.00	100.00	0.00	100.00
5207900	Computer	0.00	0.00	26.71	4,800.00	0.00	4,800.00
5207901	Computer Hardware	2783.00	0.00	0.00	0.00	0.00	0.00
5207905	Computer Systems	0.00	0.00	0.00	0.00	0.00	0.00
5207950	Computer Hardware	0.00	0.00	0.00	1,000.00	0.00	1,000.00
5207955	Computer Hardware	0.00	0.00	0.00	500.00	0.00	500.00
5207960	Computer Software	0.00	0.00	544.59	500.00	0.00	500.00
52079610	Computer Software	960.00	666.30	0.00	0.00	0.00	0.00
5228000	DOL Overhead Allocated Fees	4026.61	5827.61	5,827.61	6,000.00	0.00	6,000.00
5228030	Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
	Object Totals	177,831.61	146,742.09	83,297.26	125,999.00	3,650.00	129,649.00
	Total Expenses	283,128.61	262,571.54	199,126.71	274,415.00	3,650.00	278,065.00
	Net Income (Loss)	937.44	47,894.07	62,979.41	-42,695.00	2,050.00	-40,645.00

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Newsletter

We teamed up with NASBA to create the July 2017 newsletter. The newsletter was distributed electronically to 2050 email addresses on July 27. We had a 49% open rate.

Statute Review

The Board may need to have a discussion in regards to the following statute. Additional information will be discussed with legal counsel guidance.

SDCL 36-20B-58 Accountant or auditor--Restrictions on use of title, designation, and language-- Exceptions--Violation as misdemeanor. No person or firm which does not hold a valid certificate, permit, or registration issued under this chapter may 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. However, the provisions of this section do not apply to any individual granted practice privileges under the provisions of § 36-20B-66 or 36-20B-67 or to any firm that is exempt from the permit requirements pursuant to § 36-20B-32.2 or 36-20B-32.3.

This section 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 persons duties as such.

A violation of this section is a Class 2 misdemeanor.

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 the fall 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.

Online Renewals

Renewals began June 15, 2017. On July 31, I sent out a courteous reminder email to those that had not renewed. A progress report follows on the next page.

Board Discussion

- Any New Business/topics?

DATE	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		Daily Totals
	COMP	APVD	BD	APVD	COMP	APVD	BD	APVD	
Thursday, June 15, 2017	2	2	2	0	9	2	1	0	18
Friday, June 16, 2017	0	0	5	0	10	2	12	0	29
Saturday, June 17, 2017	0	0	1	0	2	0	3	0	6
Sunday, June 18, 2017	1	0	0	0	3	0	3	0	7
Monday, June 19, 2017	4	3	4	0	26	5	9	0	51
Tuesday, June 20, 2017	1	1	3	0	20	4	8	0	37
Wednesday, June 21, 2017	8	1	4	0	13	2	7	0	35
Thursday, June 22, 2017	2	1	3	0	15	6	5	0	32
Friday, June 23, 2017	2	0	2	0	9	4	1	0	18
Saturday, June 24, 2017	1	1	0	0	4	0	1	0	7
Sunday, June 25, 2017	0	0	2	0	1	0	3	0	6
Monday, June 26, 2017	3	1	0	0	14	2	6	0	26
Tuesday, June 27, 2017	2	2	1	0	23	1	4	0	33
Wednesday, June 28, 2017	4	0	1	0	19	4	4	0	32
Thursday, June 29, 2017	4	0	1	0	19	1	1	0	26
Friday, June 30, 2017	1	0	0	0	13	4	3	0	21
Saturday, July 1, 2017	2	0	1	0	3	0	1	0	7
Sunday, July 2, 2017	0	0	0	0	4	1	0	0	5
Monday, July 3, 2017	1	1	3	0	5	2	1	0	13
Tuesday, July 4, 2017	0	0	0	0	1	0	2	0	3
Wednesday, July 5, 2017	1	0	0	0	23	5	4	0	33
Thursday, July 6, 2017	3	0	3	0	15	2	6	0	29
Friday, July 7, 2017	3	0	1	0	15	2	1	0	22
Saturday, July 8, 2017	0	0	1	0	1	0	1	0	3
Sunday, July 9, 2017	0	0	1	0	3	1	2	0	7
Monday, July 10, 2017	3	1	0	0	17	3	5	0	29
Tuesday, July 11, 2017	5	0	1	0	23	2	4	0	35
Wednesday, July 12, 2017	5	0	3	0	12	2	5	0	27
Thursday, July 13, 2017	3	0	1	0	13	1	5	0	23
Friday, July 14, 2017	3	1	1	0	10	3	4	0	22
Saturday, July 15, 2017	0	1	0	0	1	1	0	1	4
Sunday, July 16, 2017	1	0	0	0	5	0	1	0	7
Monday, July 17, 2017	3	1	0	0	21	2	3	0	30
Tuesday, July 18, 2017	9	0	0	0	20	5	3	0	37
Wednesday, July 19, 2017	4	1	1	0	11	1	5	0	23
Thursday, July 20, 2017	3	1	2	0	20	4	4	0	34
Friday, July 21, 2017	6	1	0	0	20	2	6	0	35
Saturday, July 22, 2017	1	0	0	0	5	0	0	0	6
Sunday, July 23, 2017	1	0	0	0	5	0	4	0	10
Monday, July 24, 2017	1	4	1	0	29	2	4	0	41
Tuesday, July 25, 2017	6	0	1	0	24	2	13	0	46
Wednesday, July 26, 2017	3	1	2	0	19	4	7	0	36
Thursday, July 27, 2017	7	2	1	0	27	4	12	0	53
Friday, July 28, 2017	9	0	2	0	26	10	12	1	60
Saturday, July 29, 2017	3	1	0	0	10	0	4	1	19
Sunday, July 30, 2017	1	0	2	0	14	0	4	0	21
Monday, July 31, 2017	24	6	5	0	86	25	74	2	222
Tuesday, August 1, 2017	7	1	2	0	13	6	17	1	47
Wednesday, August 2, 2017	0	0	0	0	2	0	0	0	2
Thursday, August 3, 2017	1	0	0	0	0	0	0	0	1
Totals	154	35	64	0	703	129	285	6	1376
Totals per form	189		64		832		291		

Total Renewals									
Online & Via Mail	263		109		1181		362		1915
% Completed Online	71.86%		58.72%		70.45%		80.39%		71.85%
Still need to complete renewal	14		17		47		29		107
% Completed overall	94.95%		86.51%		96.17%		92.58%		94.71%

8/3/2017

DISCUSSION WITH SD CPA SOCIETY

Discussion Points

1. Peer Review – exposure drafts/administrating entity/decline in reviewers
2. CGMA – use of title, Firm Names, exposure draft
3. Accountant term (SDCL 36-20B-58)
4. UAA updates/proposed legislation
 - a. Definition of Attest (not looking to have any bills in regards to only this, if we have additional bills or an overall clean-up bill, then add this in)
 - i. Current wording SDCL 36-20B-2 Statements on standards to be adopted. For the purposes of this chapter, attest means providing the following financial statement services:
 - ii. Proposed change SDCL 36-20B-2 Statements on standards to be adopted. For the purposes of this chapter, attest means providing the following ~~financial statement~~ services:
 - b. Other areas in UAA that the Board can discuss
 - i. Firm Mobility
 - c. CPE Standards (rules changes)
 - i. Nano Learning
 - ii. CPE credit hours
 - iii. Sponsors
5. Society's Recommendations for Board Member position opening in October
6. Open discussion for other topics

South Dakota CPA Society

July 27, 2017

The Honorable Governor Dennis Daugaard
500 E Capitol Ave
Pierre, SD 57501-5070

Dear Governor Daugaard,

On behalf of the South Dakota CPA Society Board of Directors, we would like to submit the names of several highly qualified members of the profession for your consideration to be appointed to the South Dakota Board of Accountancy for the upcoming vacancy.

The mission of the Society is to be the premier professional organization proactively advocating, protecting and promoting the CPA profession by providing opportunities, information, support and services to a diverse membership. The Board of Accountancy is the entity responsible for ensuring that the public is protected and, when appropriate, the two organizations work together to ensure that the profession is held to the highest standard of excellence.

All of our recommendations have served the Society in either a leadership or committee position in the past and are excellent advocates for the accounting profession. With the complexities of the profession at this time, the Society would suggest for your consideration that a CPA with strong Auditing & Accounting experience would strengthen the effectiveness of the Board of Accountancy (BOA). Many of the issues that the BOA and the profession deal with entail A & A issues, including peer review, standard setting, and multi jurisdiction practices.

The Society Board feels that the following individuals represent a high standard of excellence and would do an outstanding job of protecting the profession and the public:

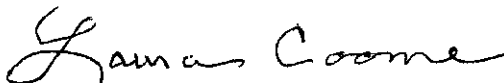
Jay Tolsma CPA – ELO Prof LLC- Mitchell

Jean Smith CPA – Ketel Thorstenson LLP – Rapid City

These individuals each have extensive years of A & A experience. Jay is the managing partner for ELO and has prior experience working for DLA. Jean is also an A & A partner and has served on the AICPA Joint Trial Board, so comes with experience in ethics matters and hearings.

Thank you for your consideration of these individuals to the important position on the Board of Accountancy. While we believe these are excellent choices, again we want to emphasize the importance of an individual with A & A experience and large firm experience. If the Society can provide more information on each/any of the individuals or be of assistance to your office on this or other matters, please do not hesitate to contact us.

Sincerely,



Laura Coome
Executive Director
South Dakota CPA Society
5024 S Bur Oak Pl #108
Sioux Falls, SD 57108

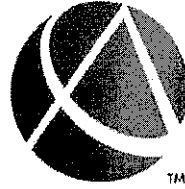
CC Nicole Kasin

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South Dakota
since 1917*



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.

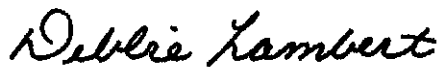
After we hear from state boards, state societies, and other interested parties during the comment period, our procedure is to have the AICPA/NASBA UAA Committee reconvene and review those comments, incorporate any appropriate edits, and then make a final recommendation to the NASBA and AICPA Boards this 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.



Department of
**Commerce &
Insurance**

August 1, 2017

J. Coalter Baker, CPA
NASBA UAA Committee
150 Fourth Avenue North #700
Nashville, TN 37219

Dear Mr. Baker:

At their July 2017 meeting, The Tennessee State Board of Accountancy (TNSBA) discussed the Use of Titles Exposure Draft which, if adopted, would make changes to the Uniform Accountancy Act (UAA) whereby allowing non-CPAs to assume or use management accounting designations with certain caveats and restrictions.

First and foremost, TNSBA is opposed to the amended language outlined in the exposure draft.

Tennessee has previously adopted a majority of sections 14g and 14h of the model act which prohibits the use of the terms accountant or accounting in connection with any other language that implies that such person or firm holds a permit to practice. This language ensures that the use of titles that have a capacity to deceive the public is prohibited. The following bullet points outline the Board's concerns with the proposed amendments.

- One of the goals of the UAA is to provide public protection and many look to this document as a guide when formulating accounting legislation. If the proposed language is adopted, it will give users the assumption that the new language is widely accepted. However, there are many regulators and other stakeholders that believe the amendments compromise the goal of public protection.
- Management accounting titles such as the Chartered Global Management Accountant (CGMA) are becoming commonplace in public accounting firms by Certified Public Accountants (CPAs). Allowing non-CPAs to use a designation which includes the term accountant would be misleading to the public, especially if the individual works in a public accounting firm. Even if the term "management" were required to be included in the title, that still identifies the person as an accountant.
- Adding provisions to the model law that carve out certain specialties adds complexity and confusion which gives more credence to unregulated titles while diminishing the CPA designation. Permitting certain "management" accounting titles opens the door for other groups to seek similar carve-outs which would add to public confusion.
- Deregulation is a concern. If politicians, and others, are not able to clearly understand which accountants should be regulated, this could threaten the overall regulation of the accounting profession nationwide.



- The Board believes that the American Institute of CPAs has shifted their focus away from advocating for the Certified Public Accountant and has concerns regarding their support for non-CPAs and non-CPA credentials in the accounting sector.

It is evident that the profession is changing rapidly, however we do not believe amending the UAA as presented will assist in our charge to protect the public interest.

We appreciate the opportunity to provide input on this important issue. Feel free to contact me with any further questions or clarification.

Sincerely,

Casey M. Stuart

Casey M. Stuart, CPA, Chairman
Tennessee State Board of Accountancy

Cc: Members, Tennessee State Board of Accountancy
Boards of Accountancy



FLORIDA BOARD OF ACCOUNTANCY

240 Northwest 76 Drive Suite A
Gainesville Florida 32607-1111
352.333.2505 – Fax 352.333.2508

July 25, 2017

J. Coalter Baker, CPA
NASBA UAA Committee
150 Fourth Avenue North #700
Nashville, TN 37219

Dear Mr. Baker:

At the July 21, 2017 meeting, the Florida Board of Accountancy considered the Title Language Exposure Draft of the Uniform Accountancy Act (UAA). Specifically, we discussed (1) whether to accept or reject NASBA's title language, and (2) whether the language should be included in the UAA.

In general, the Board felt that Florida's current laws and rules afforded the needed protection in this area. Therefore, we did not come to a consensus as to whether to accept or reject NASBA's title language.

The Board does not support adding the language in the UAA.

Please do not hesitate to contact me if further clarification or information can be provided.

Sincerely,

A handwritten signature in black ink that reads "Dr. Martin 'Bud' Fennema". The signature is written in a cursive, somewhat stylized font.

Dr. Martin "Bud" Fennema, Chair
Florida Board of Accountancy

cc: Florida Board of Accountancy Members
Boards of Accountancy

David L. Dennis, CPA, Vice-Chair
Dr. Martin Fennema, CPA, Chair
Mindy Rankin, CPA
Eric Robinson, CPA
David Skup, CPA

Jesus Socorro, CPA

Tracy L. Keegan, Consumer Member
H. Steven Vogel, Consumer Member

Veloria A. Kelly, Executive Director
Mary Ellen Clark, Esq., Legal Counsel

NASBA Board of Directors

April 21, 2017 – Destin, FL – The Henderson

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 A. Lodden at 9:00 a.m. on Friday, April 21, 2017 at the Henderson in Destin, FL. Mr. Lodden welcomed all and thanked them for welcoming his family.

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 (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)
Laurie J. Tish, CPA (WA)

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 Holzman, CPA (IL), Great Lakes Regional Director (via phone)
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

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 -
Troy Walker, CPA, Director of Finance/Controller
Noel L. Allen, Esq., Outside Legal Counsel
John Johnson – Director of Legal and Governmental Affairs

3. Approval of Minutes

Secretary Janice Gray presented the minutes of the Board of Directors' January 6, 2017 meeting. Mr. Jolicoeur made a motion to approve, which was seconded by Ms. Saunders, and all approved the minutes as submitted.

4. Chair's Report

Chair Lodden reported the Executive Committee had discussed the mutual recognition agreements and renewals being developed by the NASBA/AICPA International Qualifications Appraisal Board. Mr. Lodden reported the agreements being developed are more transparent than previous versions, but they are taking more time to create. The agreements will point out gaps to full audit rights recognition and set a timeline for addressing those gaps. Mr. Lodden said timing appears right for accelerating agreements with the Chartered Accountants of Ireland and the Institute of Chartered Accountants in Scotland. The renewal of the agreement with CPA Canada and Instituto Mexicano de Contadores Publicos is progressing but not yet completed.

The Executive Committee also talked about the proposed use of title amendment to the Uniform Accountancy Act, the proposed changes for administering entities of the AICPA Peer Review Program, the progress being made in understanding the impact of data analytics on the audit and its regulation, and NASBA's financials. These items would be discussed further during the course of the Board's meeting, Mr. Lodden explained.

In addition the Executive Committee talked about NASBA's software development projects, with the Gateway project being on target but the CPE audit tool lagging, Mr. Lodden reported. Concern was raised about new challenges to the integrity of the profession being stirred by the recent firing of five KPMG partners because they received leaked information from the PCAOB.

The NASBA/AICPA leadership summit, February 16-17, covered: an update on the AICPA's new organization; NASBA's data analytics project and RADAR; competency-based CPE initiatives; sponsors providing nano and blended learning; the impact of the Presidential election; evolution of peer review; timeline for release of the eighth edition of the Uniform Accountancy Act; mobility; and MRAs.

Chair Lodden praised the Executive Directors and Legal Counsel Conferences, held in March, which had received consistently high ratings on all presentations. He also said he had listened to seven of the Regional conference calls and he congratulated the Regional Directors for their leadership.

He reported attending the Annual Meeting of the Association of Chartered Accountants in the United States on March 1 with President Bishop, who addressed the meeting. Participants were enthused about the UAA's being amended to permit unilateral recognition of international professionals.

Chair Lodden asked the Board members to submit recommendations for appointment to the Private Company Council as well as the NASBA annual awards.

He congratulated Janice Gray on being selected by the Nominating Committee as their nominee for NASBA Vice Chair 2017-2018.

5. Report from President and Executive Vice President

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

- The launch of the new version of the Uniform CPA Examination has gone smoothly. Many states are handling extensions on a case-by-case basis. The numbers of candidates taking the Examination in April and May are down, as anticipated. However, the number of sections taken in the first quarter of the year was up.

- A consulting company is being engaged to do research on expanding the administration of the Uniform CPA Examination into other countries. India and China are under consideration, as well as expansions in the Middle East and South America.

Ms. Caldwell asked how people in China would acquire the needed experience for the CPA. President Bishop said some people had been holding out with just a certificate, so NASBA has started a service to assist professionals in having their experience evaluated.

- The Gateway project is on schedule and on budget with improved security measures added. It is expected to be concluded by the end of the year, with no exact date set yet.

- The CPE Audit tool project is also progressing with two vendors working on it. Eight Boards are using the current tool, with 8-9 lined up to come on next and then another 8-9 interested. Firms, the AICPA and vendors have expressed interest in utilizing the rules engine for the tool.

- NASBA has surveyed how many Boards would use a licensing system if it were developed by NASBA.

- NASBA Past Chair Michael Conaway has been named to lead the U.S. House of Representatives' investigation into possible Russian involvement in the 2016 Presidential Election.

- President Bishop announced NASBA is on target to meet its goal of spending \$10 million on its mission-related expenses.

6. Report from the Administration and Finance Committee

Treasurer Carlos Barrera presented an update on the activities from the Investment Committee's and Administration and Finance (A&F) Committee's meetings which had taken place over the last two days. The first quarter performance of investments was reviewed. In addition, some wording enhancements for the investment policy were discussed which will be submitted to A&F and eventually to the Board for approval in July.

The A&F Committee also received a report from volunteer and executive leadership about NASBA's mission and operational activities. Treasurer Barrera reported that Senior Vice President and CFO Michael Bryant and Director of Finance Troy Walker had reviewed with the Committee the financial results compared to budget.

Mr. Bryant gave an overview of the financial results as of February 28, 2017 and the projected results for fiscal 2017. The consolidated operating excess is expected to exceed budget due primarily to the volume spike in Examination section applications.

Treasurer Barrera called for a motion to approve the financial statements as presented. Mr. Baker so moved, seconded by Mr. Jolicoeur, and the motion was approved.

A report to the Board on the plans to redesign NASBA's eighth floor, once the sublease ends May 31, 2017, was made by Mr. Bryant. The architects are addressing an issue regarding the size of the group assembly area and construction is anticipated to begin near the end of July. He also reported on the status of potential facility changes for the Guam Test Center.

7. Audit Committee Report

Audit Committee Chair Jim Burkes reported the Committee had a preliminary conference call to talk about the fiscal 2017 audit calendar, review the charter and introduce the auditors. Their work is set to start with their planning meeting in May, when they will finalize the calendar, discuss potential charter changes and receive presentations on cybersecurity, insurance coverage and legal matters. They will meet with LBMC without management present. The Audit Committee is considering eliminating the independent audit of AEQUO.

8. Report from Director of Legislative and Governmental Relations

Director of Legislative and Governmental Relations Johnson reported he is reviewing daily 54 new bills that have nexus to the accounting profession. To date, 15 jurisdictions have filed bills calling for active supervision of state boards, as a result of the North Carolina Dental Board case. The amended definition of "attest" has been adopted in 43 jurisdictions and nine others have filed bills to do that as well. Firm mobility has been adopted in 17 jurisdictions.

There are now 32 states where the Republican party controls both houses of the legislature and 33 states have Republican governors.

Mr. Johnson said the biggest anti-regulatory legislation to have been proposed was Montana Senate Bill 365 which would have terminated the Board. NASBA provided talking points for the Board, As a way of cost-cutting, the government in Montana had thought NASBA could take over licensing for them and NASBA Vice President – Board Relations Dan Dustin and Director-at-Large Rick Reisig went to Montana and told them that there is no such national

licensing organization. Mr. Reisig thanked Mr. Johnson, Mr. Bishop, Noel Allen and Nathan Standley for working with the Montana Board and Society to oppose Senate Bill 365.

NASBA's Key Person Contact Program, launched in December 2013, has grown from 33 to 97 key person contacts. Mr. Johnson would like to have the key person forms completed by all the State Board members, associates and staff. He plans to have the forms distributed at the new board member orientation sessions at the Regional Meetings.

Mr. Johnson is also working to heighten Accountancy Board members' awareness of antitrust. To accomplish this an extensive web page has been set up on the NASBA site linking to bills, litigation, white papers and webinars on the topic. A webinar to provide required anti-trust training for the West Virginia Board was recently added. All of the West Virginia Board members are required to view the webinar by July 1. Mr. Johnson and attorney Nathan Standley will also be meeting with the West Virginia Board to go over the material.

Working with the AICPA, NASBA is encouraging states to adopt UAA Section 4 (g)(2) to give Board members immunity from personal liability for actions taken in the discharge of their Board's responsibilities. NASBA has also joined the Professional Licensing Coalition to get federal legislation to amend the 1984 Local Government Anti-Trust Act.

Mr. Johnson has also launched *Legislative E-News*, a monthly electronic newsletter on the NASBA website, to which he plans to add resources from the Legislative Support Committee, chaired by Ms. Neilon.

9. Nominating Committee Report

Nominating Committee Chair Burkett reported one more day had been added to the Nominating Committee's process. He reported the Committee had to select a nominee for Vice Chair 2017-18 from three strong candidates. He congratulated Ms. Gray on being their nominee.

Receptions are planned for both Regional Meetings to serve as a "meet and greet" for the Nominating Committee and current Board of Directors to network with those who are interested in participating in NASBA leadership. Mr. Burkett said the Nominating Committee is hoping many people will attend.

10. Report on the Accreditation Task Force

Dr. Johnson reported the AICPA/NASBA Accreditation Task Force had held its final meeting on April 17. He said the task force wants to encourage innovation and he summarized the 11 items identified by the task force. Eight cover strengthening accreditation, two address improving candidate outcomes, one looks at improving the quality of education evaluation for the State Boards and there is a recommendation for further study. Dr. Johnson said the Task Force's work had shown the importance of programmatic accreditation and he believes this concept will evolve during further study over the next 5-6 years. He does not believe the recommendations in the report are ready to be considered for the Uniform Accountancy Act.

Dr. Johnson made a motion that the Board accept the Task Force's report for distribution and discussion at the NASBA Regional Meetings. Ms. Caldwell seconded and all approved.

11. Report of the Education Committee

This year the NASBA Education Committee received 27 accounting education research proposals, Dr. Johnson, Education Committee chair, told the Board. The proposals were of high quality and three were selected by the Committee to recommend for NASBA research grants:

- *The Landscape of High School Accounting Education and the Impact on the Future of the Accounting Profession* – Dr. Kimberly Swanson Church of the University of Missouri – Kansas City and Dr. Gail Hoover King of Purdue University Northwest.
- *Stereotype Threat and Mindset Orientation: Psychological Barriers to the Accounting Profession* – Dr. Brandis Phillips, North Carolina A&T State University
- *Is Success on the CPA Exam All About Opportunity?* – Reza Espahbodi of Washburn University, and G. Thomas White of the College of William and Mary.

Dr. Johnson briefly described each and moved that each be approved to receive the grant. All were approved as recommended by the Education Committee.

12. Report of the Bylaws Committee

Bylaws Committee Chair Jolicoeur reported the Committee will be proposing a change to the definition of terms of Directors-at-Large. He explained the change is intended to provide greater access to Board positions. The Committee will meet in Nashville on May 17 to develop its proposed amendment for presentation at the July Board meeting.

13. Report of the Compliance Assurance Committee

CAC Chair Daley reported the Committee held a conference call on February 27 and met in person on March 27. They reviewed the AICPA's revised "Proposed Evolution of Peer Review Administration" document and developed nine points to be included in NASBA's comment letter. The Committee expects to have a draft letter to the Regulatory Response Committee in mid-May.

The AICPA anticipates releasing the standards for peer review administering entities in August 2017 and to have the revised process in place in May 2018, Mr. Dailey said. He suggested contacting the jurisdictions to develop ideas for a national Peer Review Oversight Body (PROC) because the CAC believes that is where this process is headed. Mr. Dailey said he had appointed a task force of Elizabeth Gantnier (MD), Mark Hobbs (SC) and Michael McClure (NE) to consider this topic.

14. Report of the Executive Directors Committee

This year's Executive Directors conference was held March 14-17 in New Orleans and was the third in a row to have invited State CPA Society CEOs to participate for the conference's first day, Executive Directors Committee Chair Wade Jewell reported. This year the executive directors and staff went into four breakout sessions, each including approximately 15 participants, and each addressed six questions. Based on these breakout sessions, issues brought to NASBA leadership included concerns about the approval of management accountant language for the Uniform Accountancy Act and about the benchmarks AICPA is proposing for peer review administering entities. The executive directors also requested that NASBA consider developing a licensing system for the Accountancy Boards' use.

The Executive Directors Committee will next meet on June 30.

15. Report of Relations with Member Boards Committee

Committee Chair Stephanie Saunders thanked Dan Dustin and John Johnson for participating in all of the Regional conference calls held this past quarter. She reviewed the planning the Regional Directors are doing for the June Regional Meetings, including modifications to the orientation program's skit, reviewing the topics to be presented during the meetings, and bringing attention to the CPT ethics certification program being used by the Missouri Board in connection with its disciplinary sanctions. The Regional Directors are also moving ahead with scheduling visits with their Boards, with five scheduled within the next two months, Ms. Saunders reported.

16. Report of the International Qualifications Appraisal Board

IQAB Chair Sharon Jensen reported a face-to-face meeting had been held on March 24. IQAB's goal is to develop agreements that are as transparent as possible, but there are variations among the MRA partners' requirements that have to be reflected in the agreements. How to evaluate the variations among parties was a key focus of the meeting. IQAB agreed that at a minimum a baccalaureate must be required for a credential to be considered to be covered by an agreement.

Renewal of the agreement with CPA Canada and Instituto Mexicano de Contadores Publicos is very close to being completed, Ms. Jensen said. The final agreement should be ready in May and then it will need to be circulated among the regulators in Canada and Mexico. The goal is to have a signing of the renewal at NASBA's Annual Meeting.

Renewal of the agreement with Chartered Accountants Australia\New Zealand is also expected to be completed soon, though there are still some questions that the IQAB task forces are working to have answered, Ms. Jensen stated. Renewal of the agreement with Chartered Accountants of Ireland is also being worked on. Information is being gathered for an agreement with the Institute of Chartered Accountants in Scotland.

There are still questions to be answered about CPA Australia. NASBA's Brentni Henderson provided an evaluation of CPA Australia's education program and AICPA's Robin

Stackhouse provided an evaluation to IQAB of CPA Australia's examination program at the March meeting.

Although it is anticipated the renewals will be completed in time for signing at the Annual Meeting, Ms. Jensen requested the Board approve extensions until the end of 2017 for the existing agreements with CPAC, IMCP, CAANZ and CAI. Mr. Burkett made the motion and Dr. Johnson seconded. All approved.

17. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Coalter Baker thanked NASBA Vice President Dan Dustin and AICPA Vice President Mat Young for developing the language presented for the Board's approval for exposure on title use. He also thanked Ms. Saunders for participating in the conversations about the language. Mr. Baker summarized the development of the language and reported the vote of the AICPA/NASBA UAA Committee to recommend the language for exposure was 10 for, four against and two abstained. The new language to be amended to the UAA would become Section 14(q). It would allow for the use of "management accountant" if certain criteria are met.

Mr. Baker pointed out that there is an alternative that the language not be placed in the UAA, but distributed to those states that want to use it. The Texas Board is conducting a poll to determine if the public believes all titles including the word "accountant" are regulated. This is an update of a similar poll done for the Board several years ago. He pointed out that 43 jurisdictions now have language in their law similar to what is in UAA Section 14.

Chair Lodden called on President Bishop to explain how the language came to be developed. He described discussions he had with AICPA leaders, State Boards and Societies. He encouraged the Regional Directors to discuss the language with their Regions and to urge the Boards to submit their comments in writing.

Mr. Burkett made a motion to state: "The NASBA Board of Directors believes that a change such as this should be thoroughly and transparently considered and vetted by our constituents. The NASBA Board of Directors has not endorsed this Exposure Draft language." Mr. Holzman seconded and the Board members discussed the pro's and con's of the language. After thorough discussion the Board voted to expose the language with a comment period to be no shorter than ending on September 30, 2017.

18. Future Meetings

Chair Lodden announced the next meeting of the Board will be held July 20-21, 2017 in Big Sky, Montana. The Annual Meeting will be October 29-November 1 in New York City, with the Board meeting being held October 26-27.

19. Adjournment

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

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

July 21, 2017 – Big Sky, MT

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, July 21, 2017 at the Big Sky Resort in Big Sky, Montana, the Board took the following actions:

- Approved the Awards Committee's recommendations: Thomas J. Sadler (WA) will be the recipient of the 2017 William H. Van Rensselaer Public Service Award; E. Kent Smoll (KS) will be the recipient of the 2017 NASBA Distinguished Service Award; and Nicole Kasin (SD) will be the recipient of the 2017 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2017 Annual Business Meeting in October.
- Accepted the slate of NASBA 2017-2018 officers and directors selected by the Nominating Committee as presented by Nominating Committee Chair Donald H. Burkett (SC). The election of officers and directors will be held during the Annual Business Meeting.
- Heard a summary of NASBA's committees' activities from Chair Telford A. Lodden (IA), as he praised the committees' chairs. He also applauded the Regional Directors for their development and presentation of the successful 2017 NASBA Regional Meetings. NASBA Chair Lodden thanked Stephanie S. Saunders (VA), chair of the Relations with Member Boards Committee, for coordinating the Regional Directors' efforts encouraging State Boards to submit comments in response to the proposed title language for the Uniform Accountancy Act.
- Reviewed and approved for distribution to the member Boards a proposed Bylaws change on the Board of Directors' composition, as presented by Bylaws Committee Chair Edwin G. Jolicoeur (WA). The change will be voted on at the Annual Business Meeting.
- Received an update from President and Chief Executive Officer Ken L. Bishop on NASBA's activities, including the start of the redesign of the remainder of NASBA's Nashville office space, having completed the sixth, seventh and partial eighth floors' redesign last year. Plans for the eighth floor include such features as more conference space and a recording studio. President Bishop announced a staff reorganization to bring the NASBA International Evaluation Services' (NIES) operations under the administration of Patricia Hartman, NASBA Director of Examination Services. Overall, President Bishop announced he is proud of NASBA's performance this year, with net assets having reached more than \$50 million.
- Approved two modifications to NASBA's investment policy, based on the recommendations of the Administration and Finance Committee, as presented by Treasurer A. Carlos Barrera (TX).

- Approved NASBA's FY 2018 consolidated operating and capital operating budgets as presented by Senior Vice President and CFO Michael R. Bryant.
- Accepted the report of Aequo developments presented by Mr. Bryant and accordingly determined they had no objections to maintaining Aequo as a shell entity with NASBA directly handling Aequo's contractual obligations.
- Approved a resolution presented by NASBA/AICPA International Qualifications Appraisal Board Chair Sharon A. Jensen (MN) that will facilitate the approval of mutual recognition agreement renewals by giving authority to the NASBA Chair and President to renew those agreements without seeking approval from the entire Board. A similar resolution was passed by the AICPA, giving renewal approval to the American Institute of CPAs Chair and President. Renewal agreements with CPA Canada, Instituto Mexicano de Contadores Públicos and Chartered Accountants of Ireland are expected to be finalized by the Annual Meeting.
- Received a report from Uniform Accountancy Act Committee Chair J. Coalter Baker (TX) on the comments received on the proposed Model Rules for continuing professional education. A joint AICPA/NASBA UAA Committee task force has been assigned to carefully review the comments and bring back recommended changes to the UAA Committee. The task force will hold their initial meeting in September.
- Was updated by NASBA Executive Vice President and Chief Operating Officer Colleen K. Conrad on the impact on the candidate pipeline of the revised Uniform CPA Examination, which was launched on April 1, 2017. She also reported 47 Boards had adopted legislation that updates the definition of "attest" and 21 jurisdictions now have implemented firm mobility.
- Was notified by Compliance Assurance Committee (CAC) Chair John F. Dailey, Jr. (NJ), that 26 State Boards of Accountancy had sent letters of comment to the AICPA in response to its supplemental report on its proposed restructuring of the administration of the Peer Review Program. Mr. Dailey has appointed a CAC task force to outline what would be needed to offer participation in a NASBA peer review oversight committee (PROC) to those Boards of Accountancy that do not have the resources to create their own or would just prefer to take advantage of NASBA-offered PROC services.
- Heard a report from CBT Administration Committee Chair Richard N. Reisig (MT) that information is being collected from the State Boards on their current practices pertaining to multi-test candidates when there might be concern regarding harvesting of Uniform CPA Examination questions.
- Learned from Education Committee Chair Raymond N. Johnson (OR) the NASBA/AICPA accreditation project is progressing. He expressed appreciation especially for the pro-active actions of the AACSB. After the American Accounting Association's annual meeting in August, the Education Committee will prioritize their projects.

The next meeting of the NASBA Board of Directors will be held on October 27, 2017 in New York City.

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

REPORT OF THE NOMINATING COMMITTEE

June 29, 2017
Telford Lodden, Chair, and
Members of the NASBA Board of Directors

Dear Mr. Lodden:

I respectfully submit the report of the 2016-2017 Nominating Committee. Our work has been carried out in accordance with Article VII, Section 7.3, and Article IV, Section 4.6, of NASBA's Bylaws.

The 2016-2017 Nominating Committee has selected the following slate of officers and directors to be voted on by the member boards at the Annual Business Meeting in October in New York City:

Vice Chair Janice L. Gray (OK – Associate)

Directors-at-Large (three-year term)
(first term) J. Coalter Baker (TX – Delegate)
(first term) Maria E. Caldwell (FL – Associate)
(first term) W. Michael Fritz (OH – Associate)

Regional Directors (one-year term), a Regional Director may serve three one-year terms
(first term) Southwest C. Jack Emmons (NM – Delegate)
(first term) Southeast Casey Stuart (TN – Delegate)
(third term) Middle Atlantic Stephanie S. Saunders (VA – Delegate)
(second term) Northeast Catherine R. Allen (NY – Delegate)
(second term) Great Lakes Sheldon P. Holzman (IL – Delegate)
(first term) Pacific James R. Ladd (WA – Delegate)
(second term) Mountain Nicola Neilon (NV – Delegate)
(third term) Central Sharon A. Jensen (MN – Delegate)

The following Board Members will continue to serve for the balance of their unexpired terms. At-Large Directors may serve two three-year terms.

Directors-at-Large (second year of three-year term)
(first term) Jimmy E. Burkes (MS – Delegate)
(first term) John F. Dailey (NJ – Delegate)
(partial term) TBD

Directors-at-Large (third year of three-year term)
(first term) Tyrone E. Dickerson (VA – Associate)
(second term) Raymond N. Johnson (OR – Associate)
(second term) E. Kent Smoll (KS – Associate)

Mr. Long, 2016-17 Vice Chair, will accede to the office of Chair.
Mr. Lodden accedes to the office of Past Chair upon the installation of Mr. Long as Chair.

Respectfully submitted,

Donald H. Burkett, CPA,
Chair – NASBA Nominating Committee

Proposed Bylaws Amendment
Recommended by the Bylaws Committee
Approved for submission to the Annual Meeting by the BOD

To expand NASBA leadership opportunities, particularly for qualified and experienced Associate members, while maintaining NASBA's strong commitment to keeping close ties to the State Boards, the Bylaws Committee proposed the following be voted on by the State Boards at the 2017 Annual Meeting:

4.5.7 All members of the Board of Directors shall be Delegates or Associates. A simple majority of all members of the Board of Directors shall be Delegates at the time of or within six months of the Annual Business Meeting at which they are elected to their current office on the Board. **For purposes of this section, the Immediate Past Chair shall be a delegate or associate but shall not be included in calculation of a majority.**

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. Please send your Board's responses to your Regional Director by October 4, 2017.

JURISDICTION _____ **DATE** _____

NAME OF PERSON SUBMITTING FORM _____

1 A. How does your Board keep current on changes in the AICPA Code of Professional Conduct and other ethical requirements affecting the profession (e.g. GAO Yellow Book)?

- a. Report from Board's Ethics Committee
- b. Summary from Board Chair _____
- c. Summary from Executive Director _____
- d. Summary from Legal Counsel _____
- e. Other. Explain _____.

1 B. Does your Board discuss the significance of changes to the Code and how they would work in your state's environment?

- a. Always discuss. _____
- b. Never discuss. Explain _____
- c. Depends on the issue. Explain _____.
- d. Other. Explain _____

1 C. For example, the AICPA Professional Ethics Executive Committee recently issued an exposure draft on long association of senior personnel with an attest client. Would you be able to discipline a licensee for violation of an independence rule based on his or her disregarding the threats outlined in the proposed interpretation 1.267? Smith is a sole practitioner who lives in a small town in your state and has been its only manufacturing plant's auditor for over 20 years. If there is an audit failure, could you hold Smith accountable based on this interpretation?

- a. Depends on the investigator's advice. _____
- b. Depends on the board's attorney's advice. _____
- c. Unlikely to rule. Explain. _____
- d. AICPA Code not relevant in our state. _____
- e. Other. Explain _____

2 UAA Rules Section 7-3(a) requires all firms rendering attest services to be enrolled in a compliance assurance (peer review) program approved by the Board. According to the Model Rules, the Board is responsible for approving the entity that administers the program in UAA Rules Section 7-3(b). Finally, in Section 7-4(b) an oversight committee (i.e., Peer Review Oversight Committee (PROC)) is to be appointed to monitor the compliance of the administering entity to Acts and Rules of the Board. Not every state has enacted the exact words in the Model Rules. In your jurisdiction:

A. What is your process and procedures for investigating firms that claim exemption from peer review to determine the validity of the exemption?

B. Has your Board formally approved the peer review program's administering entity and, if yes, is this an annual decision?

- a. No _____
- b. Yes . (1)Once _____ (2)Annually _____ (3)Tri-annually _____
- (4)Other. Please explain _____

C. How do you assess the effectiveness of the peer review program?

- a. Sample reports. _____ b. Comments from licensees _____ c. PROC report _____
- d. Other. Please explain _____ .

D. Does your Board have an active, functioning PROC? (a) No _____ Then how does the Board monitor AE compliance with the Board's law? _____

- (b) Yes. _____ How often does the PROC Report to the Board? (1) Annually _____ (2) Each Board Meeting _____ (3) Quarterly _____ (4) Other. Please explain. _____

E. Does the Board formally approve the report from your appointee/PROC each period that it is received?

- a. Yes. _____ b. No _____

F. If your current administering entity is contemplating withdrawal from the program, has your Board been included in the selection of a successor? a. Yes. _____ b. No. _____

- c. No requirement for Board's approval in our jurisdiction. _____

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

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

- a. No. _____
- b. Yes. Please explain. _____

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

___ Input only from Board Chair

- Input only from Executive Director
- Input only from Board Chair and Executive Director
- Input from all Board Members and Executive Director
- Input from some Board Members and Executive Director
- Input from all Board Members
- Input from some Board Members
- Other (please explain):