



**SOUTH DAKOTA  
BOARD OF ACCOUNTANCY**  
301 E. 14<sup>th</sup> Street, Suite 200  
Sioux Falls, SD 57104  
(605) 367-5770 / Fax: (605) 367-5773  
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[www.accountancy.sd.gov](http://www.accountancy.sd.gov)

Agenda  
South Dakota Board of Accountancy Meeting  
Holiday Inn City Centre – Cascade Room  
8:30 a.m. (CT)  
August 14, 2015

A=Action

D=Discussion

I=Information

	Page
A-Nominating Committee.....	Oratory
A-Approval of Minutes of Meeting July 7, 2015.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through June 2015.....	6-16
A-Report to Board on NASBA Annual Meeting .....	17
A-FY17 Proposed Budget.....	18-19
A-Request from firm on Name Change.....	20
D-Executive Director's Report.....	21-22
9:00 Colleen Conrad, NASBA Executive VP and COO .....	Oratory
A-10:00 Hearing for Jerry Noonan.....	23-27
A-1:00 Hearing for Scott Van Den Hemel.....	28-31
D-2:00 SD CPA Society.....	Oratory
 <b>AICPA</b>	
D-Executive Summary and Recommend Revisions to the CPE Standards, Jointly issued by the AICPA and NASBA.....	32-58
 <b>NASBA</b>	
D-Board of Directors meeting minutes April 24, 2015.....	59-66
D-Board of Directors meeting highlights July 17, 2015.....	67-68
A-Quarterly Focus Questions.....	69-73
 <b>EXECUTIVE SESSION</b>	
Equivalent Reviews, South Dakota reviews and follow-ups for Board Approval.....	Spt. Pkt.

**FUTURE MEETING DATES (all times CT) - TBD**



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South Dakota Board of Accountancy  
Minutes of Meeting-Conference Call  
July 7, 2015 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Tuesday, July 7, 2015. Chair John Mitchell called the meeting to order at 9:02 a.m.

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

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

A motion was made by David Pummel and seconded by Marty Guindon to approve the June 8, 2015, meeting minutes. A roll call vote was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the issuance of individual certificates and firm permits through July 1, 2015. A roll call vote was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

The Board discussed proposed changes made by the CPE Audit Review Committee to the guidelines for failed CPE audits. A roll call vote was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

The Board reviewed the report on the CPA exam grades for the 45<sup>th</sup> Window.

A motion was made by David Pummel and seconded by Jeff Smith to approve the CPA exam scores for the 45<sup>th</sup> Window through June 2015. A roll call was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

Executive Director Kasin discussed her report on the progress of license renewals that opened June 15, 2015, an update on the new database, follow-up on a question regarding the death of sole practitioners without succession plans and responsibilities of the estate on firm records, a licensee question on active license status, and a recap from the NASBA Western Regional Conference.

Aaron Arnold discussed that a training program is being developed for board members and staff based on the ruling from the NC Supreme Court Dental Case.

The Board discussed the Board of Examiners May 28-29, 2015 meeting highlights and the Executive Summary and Recommended Revisions to the CPE Standards by the Joint AICPA/NASBA CPE Standards Committee.

The Board was given the US DOL Assessing the Quality of Employee Benefits Plan Audits to review. There was a brief discussion on the report findings.

A motion was made by David Pummel and seconded by Marty Guindon to enter into executive session for the deliberative process for peer reviews, peer review follow-ups for Board approval, and a license application. A roll call vote was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

The Board came out of executive session.

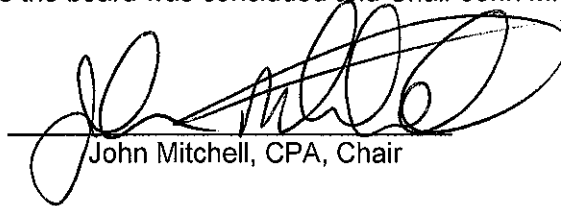
A motion was made by Holly Brunick and seconded by David Pummel to accept the peer reviews, peer review follow-ups, and the license application as discussed in executive session. A roll call vote was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

**FUTURE MEETING DATES** (all times CT)

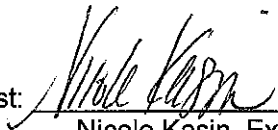
August 14, 2015 – 8:30 am Holiday Inn City Centre, Sioux Falls, SD – Cascade Room

A motion was made by Marty Guindon and seconded by John Linn, Jr. to adjourn the meeting. A roll call vote was taken. The motion unanimously carried. (Pummel-yea; Guindon-yea; Smith-yea; Linn, Jr.-yea; Brunick-yea; Mitchell-yea)

All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 10:13 a.m.



John Mitchell, CPA, Chair

Attest:   
Nicole Kasin, Executive Director



David Pummel, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES  
BOARD COPY**

**Issued Through August 6, 2015**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Location</b>
3212	Erin Nicole Hoelsing	7/08/15	Aberdeen, SD
3213	Lucas Henry Hauert	7/08/15	Aberdeen, SD
3214	Kirby Dean Fitzgerald	7/10/15	Dell Rapids, SD
3215	Nicole JoLynn O'Bryan	7/14/15	Sioux Falls, SD
3216	Noah John Steinfeld	7/15/15	Winner, SD
3217	Elisa Lynette Johnson	7/28/15	Sioux Falls, SD
3218	Lindsay Leigh Stevenson	8/06/15	Dakota Dunes, SD

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

**Issued Through  
August 6, 2015**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Basis/Comments</b>
1653	L. Boomsma, CPA Prof. LLC Huron, SD	07/08/15	Name Change
1654	BerganKDV, Ltd St. Cloud, MN	07/30/15	Name Change

BA1409R1

STATE OF SOUTH DAKOTA  
CASH CENTER BALANCES  
AS OF: 06/30/2015

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	348,554.74	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			348,554.74	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			348,554.74	DR **	
BUDGET UNIT TOTAL 1031			348,554.74	DR ***	

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 06/30/2015

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX150528	06/03/2015					1,860.00	DR
6503	103100061802	51010100	CGEX150611	06/16/2015					2,046.00	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX150528	06/03/2015					3,906.00	DR *
6503	103100061802	51010200	CGEX150611	06/16/2015					772.49	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX150528	06/03/2015					1,643.95	DR *
6503	103100061802	51010300	CGEX150611	06/16/2015					60.00	DR
OBJSUB: 5101030 BOARD & COMM MBRS FEES										
6503	103100061802	51020100	CGEX150528	06/03/2015					180.00	DR
6503	103100061802	51020100	CGEX150611	06/16/2015					240.00	DR *
OBJSUB: 5102010 CASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX150528	06/03/2015					5,789.95	DR **
6503	103100061802	51020200	CGEX150611	06/16/2015					196.54	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX150528	06/03/2015					227.53	DR
6503	103100061802	51020600	CGEX150611	06/16/2015					424.07	DR *
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX150528	06/03/2015					157.95	DR
6503	103100061802	51020800	CGEX150611	06/16/2015					175.05	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX150528	06/03/2015					333.00	DR *
6503	103100061802	51020900	CGEX150611	06/16/2015					718.50	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	103100061802	51020900	CGEX150528	06/03/2015					1,437.00	DR *
6503	103100061802	51020900	CGEX150611	06/16/2015					1.58	DR
OBJSUB: 5102090 EMPLOYEE BENEFITS										
6503	103100061802	51020900	CGEX150528	06/03/2015					1.75	DR
6503	103100061802	51020900	CGEX150611	06/16/2015					3.33	DR *
OBJSUB: 5102090 PERSONAL SERVICES										
6503	103100061802	51020900	CGEX150528	06/03/2015					1.19	DR
6503	103100061802	51020900	CGEX150611	06/16/2015					1.31	DR
OBJSUB: 5102090 PERSONAL SERVICES										
6503	103100061802	51020900	CGEX150528	06/03/2015					2.50	DR *
6503	103100061802	51020900	CGEX150611	06/16/2015					2,199.90	DR **
OBJSUB: 5102090 PERSONAL SERVICES										
6503	103100061802	51020900	CGEX150528	06/03/2015					7,989.85	DR ***
6503	103100061802	51020900	CGEX150611	06/16/2015					163.75	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE										
6503	103100061802	52042000	PL505056	06/28/2015					163.75	DR *
OBJSUB: 5204200 CENTRAL SERVICES										
6503	103100061802	52042200	IN186700	06/05/2015	00209963	ABBUSINESS	12036980		129.18	DR *
OBJSUB: 5204220 EQUIPMENT SERV & MAINT										
6503	103100061802	52042300	15SC100002	06/24/2015	288125	SUNSETOFFI	12043890		72.24	DR *
OBJSUB: 5204230 EQUIPMENT SERV & MAINT										
6503	103100061802	52042300	15SC100002	06/24/2015	288125	SUNSETOFFI	12043890		122.86	DR

BA0205A5 07/10/2015

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 06/30/2015

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
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OBJSUB: 5204230	JANITORIAL & MAINT SERV	06/05/2015	02121309	MALFINANC	12219369	122.86	DR *
6503 103100061802	52044600					603.00	DR
	N5340076						

OBJSUB: 5204460	EQUIPMENT RENTAL	603.00	DR *
6503 103100061802 52044900	ACCOUNTRENT2014	06/28/2015	024504
	MCGINNISRO	12074040	1,269.45
			DR

[illegible]

OBTSUB: 5204530	TELECOMMUNICATIONS SRVCS	170.14	DR *
6503 103100061802 52045400	5159417006 0515	06/05/2015	02121091
	XCELENERGY	12023853	59.44
			DR

OBUSUB: 5204540	ELECTRICITY				59.44	DR *	
6503 103100061802 52045600	68332 MAY15	06/03/2015	00208891	ECOWATER	12035896	22.35	DR

OBUSUB: 5204560	WATER		
6503 103100061802	52047400		
CTI05A-050		06/18/2015	236877
			22.35 DR *
			39.64 DR

	BANK FEES AND CHARGES			
OBSJOB:	5204740			39.64 DR *
6503	103100061802	52049600		
	13628943			
	06/19/2015	00214156	NATLASNST	12005047
				8,897.52 DR

6503	103100061802	52050280	42331177	06/19/2015	02123331	OFFICEMAXI	12162845	11,549.57	DR	*
	OBJECT:	5204	OTHER CONTRACTUAL SERVICES					8,897.52	DR	
	OBJSUB:	52049960	CONTRACTUAL SERVICES					20.17	DR	

[illegible]

OBJECT:	5205320	PRINTING-COMMERCIAL			116.63	DR *
6503	103100061802	52053500	061115	06/19/2015	00215159	USPOSTALSE
						12005421 A2
						1,000.00 DR

5503	103100061802	52079010	61797	06/19/2015	00214859	ELBOCOMPUT	12124520	1,000.00	DR	*
OBJECT:	5205	SUPPLIES &						1,136.80	DR	*
OBJSTB:	5205350	POSTAGE						565.00	DR	

OBJSUB: 5207901	COMPUTER HARDWARE			565.00	DR *
6503 103100061802	52079610	61797		95.00	DR
		06/19/2015	00214859	ELBOCOMPUT	12124520

OBJSUB: 5207961	COMPUTER SOFTWARE	95.00	DR	*
OBJECT: 5207	CAPITAL OUTLAY	660.00	DR	*
103100061802	TI05-118	303.82	DR	
5503				

OBJSUB:	5228000	OPER TRANS OUT -NON BUDGT	303.82	DR *
OBJECT:	5228	NONOP EXP/NONBGTD OP TR	303.82	DR **
GROUP:	52	OPERATING EXPENSES	13,650.19	DR ***
COMP:	6503		21,640.04	DR ****
CNTR:	103100061802		21,640.04	DR *****



BA0205A5 07/10/2015

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 06/30/2015

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
B. UNIT: 1031										
									21,640.04	DR *****

**South Dakota Board of Accountancy**  
**Balance Sheet**  
As of June 30, 2015

	Jun 30, 15
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	6,317.04
1140000 · Pool Cash State of SD	348,554.74
Total Checking/Savings	354,871.78
Other Current Assets	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
Total Other Current Assets	5,768.86
Total Current Assets	360,640.64
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
Total 1670000 · Computer Software	0.00
Total Fixed Assets	0.00
<b>TOTAL ASSETS</b>	<b>360,640.64</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	4,634.25
Total Accounts Payable	4,634.25
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	26,627.63
Total Other Current Liabilities	34,105.92
Total Current Liabilities	38,740.17
Long Term Liabilities	
2960000 · Compensated Absences Payable	16,686.44
Total Long Term Liabilities	16,686.44
Total Liabilities	55,426.61
Equity	
3220000 · Unrestricted Net Assets	255,748.81
3900 · Retained Earnings	4,512.55
Net Income	44,952.67
Total Equity	305,214.03
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>360,640.64</b>

# South Dakota Board of Accountancy

## Profit & Loss Budget vs. Actual

July 2014 through June 2015

	Jul '14 - Jun 15	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-50.00			
4293550 · Initial Individual Certificate - Other	2,650.00	2,200.00	450.00	120.5%
<b>Total 4293550 · Initial Individual Certificate</b>	<b>2,600.00</b>	<b>2,200.00</b>	<b>400.00</b>	<b>118.2%</b>
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	67,660.00	55,000.00	12,660.00	123.0%
<b>Total 4293551 · Certificate Renewals-Active</b>	<b>67,650.00</b>	<b>55,000.00</b>	<b>12,650.00</b>	<b>123.0%</b>
4293552 · Certificate Renewals-Inactive	25,300.00	19,000.00	6,300.00	133.2%
4293553 · Certificate Renewals-Retired				
5208005 · REFUNDS	-40.00			
4293553 · Certificate Renewals-Retired - Other	1,420.00	750.00	670.00	189.3%
<b>Total 4293553 · Certificate Renewals-Retired</b>	<b>1,380.00</b>	<b>750.00</b>	<b>630.00</b>	<b>184.0%</b>
4293554 · Initial Firm Permits	950.00	900.00	50.00	105.6%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	16,560.00	15,000.00	1,560.00	110.4%
<b>Total 4293555 · Firm Permit Renewals</b>	<b>16,410.00</b>	<b>15,000.00</b>	<b>1,410.00</b>	<b>109.4%</b>
4293557 · Initial Audit	720.00	900.00	-180.00	80.0%
4293558 · Re-Exam Audit	1,980.00	2,460.00	-480.00	80.5%
4293560 · Late Fees-Initial Certificate	200.00			
4293561 · Late Fees-Certificate Renewals	2,900.00	3,700.00	-800.00	78.4%
4293563 · Late Fees-Firm Permit Renewals	300.00	800.00	-500.00	37.5%
4293564 · Late Fees-Peer Review	1,200.00	1,300.00	-100.00	92.3%
4293566 · Firm Permit Owners	113,415.00	78,000.00	35,415.00	145.4%
4293567 · Peer Review Admin Fee	5,175.00	5,650.00	-475.00	91.6%
4293568 · Firm Permit Name Change	250.00	100.00	150.00	250.0%
4293569 · Initial FAR	1,170.00	1,140.00	30.00	102.6%
4293570 · Initial REG	750.00	660.00	90.00	113.6%
4293571 · Initial BEC	660.00	930.00	-270.00	71.0%
4293572 · Re-Exam FAR	1,890.00	1,860.00	30.00	101.6%
4293573 · Re-Exam REG	2,010.00	2,310.00	-300.00	87.0%
4293574 · Re-Exam BEC	2,130.00	2,310.00	-180.00	92.2%
4491000 · Interest and Dividend Revenue	3,578.78	8,500.00	-4,921.22	42.1%
4896021 · Legal Recovery Cost	1,175.00	1,000.00	175.00	117.5%
<b>Total Income</b>	<b>253,793.78</b>	<b>204,470.00</b>	<b>49,323.78</b>	<b>124.1%</b>
<b>Gross Profit</b>	<b>253,793.78</b>	<b>204,470.00</b>	<b>49,323.78</b>	<b>124.1%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	48,656.03	72,759.00	-24,102.97	66.9%
5101020 · P-T/Temp Emp Sal & Wages	25,353.13	18,779.00	6,574.13	135.0%
5101030 · Board & Comm Mbrs Fees	3,360.00	4,372.00	-1,012.00	76.9%
5102010 · OASI-Employer's Share	5,624.36	7,362.00	-1,737.64	76.4%
5102020 · Retirement-ER Share	4,399.76	5,492.00	-1,092.24	80.1%
5102060 · Health /Life Ins.-ER Share	20,477.25	22,007.00	-1,529.75	93.0%
5102080 · Worker's Compensation	44.46	254.00	-209.54	17.5%
5102090 · Unemployment Insurance	33.30	91.00	-57.70	36.6%
5203010 · Auto--State Owned	123.12	1,000.00	-876.88	12.3%
5203020 · Auto-Private-Ownes Low Mileage	180.80	400.00	-219.20	45.2%
5203030 · In State-Auto- Priv. High Miles	1,230.62	1,500.00	-269.38	82.0%
5203100 · In State-Lodging	673.75	1,000.00	-326.25	67.4%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	363.00	400.00	-37.00	90.8%
5203220 · OS-Auto Private Low Mileage	90.40	100.00	-9.60	90.4%
5203260 · OS-Air Commercial Carrier	5,306.80	6,000.00	-693.20	88.4%
5203280 · OS-Other Public Carrier	373.05	500.00	-126.95	74.6%
5203300 · OS-Lodging	6,814.56	7,800.00	-985.44	87.4%

# South Dakota Board of Accountancy

## Profit & Loss Budget vs. Actual

July 2014 through June 2015

	Jul '14 - Jun 15	Budget	\$ Over Budget	% of Budget
5203320 · OS-Incidentals to Travel	335.00	450.00	-115.00	74.4%
5203350 · OS-Non-Taxable Meals Overnight	831.00	1,300.00	-469.00	63.9%
5204010 · Subscriptions	845.81	1,000.00	-154.19	84.6%
5204020 · Dues and Membership Fees	3,440.00	3,900.00	-460.00	88.2%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	7,100.00	7,100.00	0.00	100.0%
5204160 · Workshop Registration Fees	5,560.00	6,000.00	-440.00	92.7%
5204180 · Computer Services-State	963.00	600.00	363.00	160.5%
5204181 · Computer Development Serv-State	3,249.70	10,400.00	-7,150.30	31.2%
5204200 · Central Services	8,215.85	7,000.00	1,215.85	117.4%
5204220 · Equipment Service & Maintenance	32.14	300.00	-267.86	10.7%
5204230 · Janitorial/Maintenance Services	1,474.32	1,560.00	-85.68	94.5%
5204340 · Computer Software Maintenance	1,093.50	1,500.00	-406.50	72.9%
5204360 · Advertising-Newspapers	938.33	1,000.00	-61.67	93.8%
5204440 · Newsletter Publishing	678.15	1,100.00	-421.85	61.7%
5204460 · Equipment Rental	3,111.00	4,000.00	-889.00	77.8%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	15,233.40	15,234.00	-0.60	100.0%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	3,160.62	2,800.00	360.62	112.9%
5204540 · Electricity	688.15	865.00	-176.85	79.6%
5204560 · Water	111.75	240.00	-128.25	46.6%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	1,710.00	-442.87	74.1%
5204740 · Bank Fees and Charges	4,192.22	5,500.00	-1,307.78	76.2%
5204960 · Other Contractual Services	60.96			
5205020 · Office Supplies	258.70	2,000.00	-1,741.30	12.9%
5205310 · Printing State	155.25	500.00	-344.75	31.1%
5205320 · Printing/Duplicating/Binding Co	287.33	1,000.00	-712.67	28.7%
5205330 · Supplemental Publications	1,055.00	700.00	355.00	150.7%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	3,704.62	2,000.00	1,704.62	185.2%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	2,351.62	4,800.00	-2,448.38	49.0%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	95.00	500.00	-405.00	19.0%
5228000 · Operating Transfers Out-NonBudg	3,941.83	7,400.00	-3,458.17	53.3%
5228030 · Depreciation Expense	11,064.54	12,070.40	-1,005.86	91.7%
<b>Total Expense</b>	<b>208,841.11</b>	<b>257,195.40</b>	<b>-48,354.29</b>	<b>81.2%</b>
<b>Net Ordinary Income</b>	<b>44,952.67</b>	<b>-52,725.40</b>	<b>97,678.07</b>	<b>-85.3%</b>
<b>Net Income</b>	<b>44,952.67</b>	<b>-52,725.40</b>	<b>97,678.07</b>	<b>-85.3%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
June 2015

	Jun 15	Jun 14	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
Income				
4293550 · Initial Individual Certificate	200.00	350.00	-150.00	-42.9%
4293551 · Certificate Renewals-Active	9,900.00	0.00	9,900.00	100.0%
4293552 · Certificate Renewals-Inactive	5,250.00	0.00	5,250.00	100.0%
4293553 · Certificate Renewals-Retired	410.00	0.00	410.00	100.0%
4293554 · Initial Firm Permits	150.00	0.00	150.00	100.0%
4293555 · Firm Permit Renewals	2,350.00	0.00	2,350.00	100.0%
4293557 · Initial Audit	60.00	30.00	30.00	100.0%
4293558 · Re-Exam Audit	240.00	390.00	-150.00	-38.5%
4293564 · Late Fees-Peer Review	450.00	400.00	50.00	12.5%
4293566 · Firm Permit Owners	21,145.00	0.00	21,145.00	100.0%
4293567 · Peer Review Admin Fee	1,575.00	975.00	600.00	61.5%
4293568 · Firm Permit Name Change	25.00	0.00	25.00	100.0%
4293569 · Initial FAR	90.00	30.00	60.00	200.0%
4293570 · Initial REG	180.00	30.00	150.00	500.0%
4293571 · Initial BEC	60.00	90.00	-30.00	-33.3%
4293572 · Re-Exam FAR	360.00	271.55	88.45	32.6%
4293573 · Re-Exam REG	180.00	150.00	30.00	20.0%
4293574 · Re-Exam BEC	270.00	210.00	60.00	28.6%
4491000 · Interest and Dividend Revenue	0.00	-6,145.84	6,145.84	100.0%
4920045 · Undistributed Earnings	0.00	6,060.45	-6,060.45	-100.0%
<b>Total Income</b>	<b>42,895.00</b>	<b>2,841.16</b>	<b>40,053.84</b>	<b>1,409.8%</b>
<b>Gross Profit</b>	<b>42,895.00</b>	<b>2,841.16</b>	<b>40,053.84</b>	<b>1,409.8%</b>
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	2,566.54	-2,566.54	-100.0%
5101010 · F-T Emp Sal & Wages	3,906.00	1,678.80	2,227.20	132.7%
5101020 · P-T/Temp Emp Sal & Wages	1,643.95	1,742.72	-98.77	-5.7%
5101030 · Board & Comm Mbrs Fees	240.00	250.92	-10.92	-4.4%
5102010 · OASI-Employer's Share	424.07	258.95	165.12	63.8%
5102020 · Retirement-ER Share	333.00	205.28	127.72	62.2%
5102060 · Health /Life Ins.-ER Share	1,437.00	2,172.12	-735.12	-33.8%
5102080 · Worker's Compensation	3.33	1.08	2.25	208.3%
5102090 · Unemployment Insurance	2.50	1.73	0.77	44.5%
5203030 · In State-Auto- Priv. High Miles	93.24	0.00	93.24	100.0%
5203260 · OS-Air Commercial Carrier	1,826.60	1,310.50	516.10	39.4%
5203280 · OS-Other Public Carrier	251.74	135.62	116.12	85.6%
5203300 · OS-Lodging	1,709.33	1,479.93	229.40	15.5%
5203320 · OS-Incidentals to Travel	91.00	34.00	57.00	167.7%
5203350 · OS-Non-Taxable Meals Overnight	288.00	227.00	61.00	26.9%
5204180 · Computer Services-State	0.00	144.00	-144.00	-100.0%
5204181 · Computer Development Serv-State	0.00	417.60	-417.60	-100.0%
5204200 · Central Services	129.18	1,107.69	-978.51	-88.3%
5204220 · Equipment Service & Maintenance	0.00	4.78	-4.78	-100.0%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
5204340 · Computer Software Maintenance	406.90	0.00	406.90	100.0%
5204460 · Equipment Rental	0.00	114.00	-114.00	-100.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	167.07	377.35	-210.28	-55.7%
5204540 · Electricity	47.56	48.93	-1.37	-2.8%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204740 · Bank Fees and Charges	39.64	122.53	-82.89	-67.7%
5205020 · Office Supplies	20.17	0.00	20.17	100.0%
5205320 · Printing/Duplicating/Binding Co	116.63	17.25	99.38	576.1%
5205350 · Postage	1,142.37	0.00	1,142.37	100.0%
5207900 · Computer Hardware	565.00	0.00	565.00	100.0%
5207960 · Computer Software Expense	95.00	0.00	95.00	100.0%
5228000 · Operating Transfers Out-NonBudg	303.82	681.77	-377.95	-55.4%
5228030 · Depreciation Expense	0.00	1,005.94	-1,005.94	-100.0%
<b>Total Expense</b>	<b>16,675.41</b>	<b>17,521.69</b>	<b>-846.28</b>	<b>-4.8%</b>
<b>Net Ordinary Income</b>	<b>26,219.59</b>	<b>-14,680.53</b>	<b>40,900.12</b>	<b>278.6%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
June 2015

	<u>Jun 15</u>	<u>Jun 14</u>	<u>\$ Change</u>	<u>% Change</u>
Other Income/Expense				
Other Expense				
5228090 - Security Lending Rebate Fees	0.00	48.02	-48.02	-100.0%
Total Other Expense	0.00	48.02	-48.02	-100.0%
Net Other Income	0.00	-48.02	48.02	100.0%
Net Income	<u>26,219.59</u>	<u>-14,728.55</u>	<u>40,948.14</u>	<u>278.0%</u>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
July 2014 through June 2015

	Jul '14 - Jun 15	Jul '13 - Jun 14	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	2,600.00	3,050.00	-450.00	-14.8%
4293551 · Certificate Renewals-Active	67,650.00	56,450.00	11,200.00	19.8%
4293552 · Certificate Renewals-Inactive	25,300.00	20,150.00	5,150.00	25.6%
4293553 · Certificate Renewals-Retired	1,380.00	820.00	560.00	68.3%
4293554 · Initial Firm Permits	950.00	450.00	500.00	111.1%
4293555 · Firm Permit Renewals	16,410.00	13,800.00	2,610.00	18.9%
4293557 · Initial Audit	720.00	630.00	90.00	14.3%
4293558 · Re-Exam Audit	1,980.00	2,580.00	-600.00	-23.3%
4293560 · Late Fees-Initial Certificate	200.00	200.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,900.00	2,350.00	550.00	23.4%
4293563 · Late Fees-Firm Permit Renewals	300.00	700.00	-400.00	-57.1%
4293564 · Late Fees-Peer Review	1,200.00	1,300.00	-100.00	-7.7%
4293566 · Firm Permit Owners	113,415.00	91,125.00	22,290.00	24.5%
4293567 · Peer Review Admin Fee	5,175.00	5,700.00	-525.00	-9.2%
4293568 · Firm Permit Name Change	250.00	200.00	50.00	25.0%
4293569 · Initial FAR	1,170.00	1,020.00	150.00	14.7%
4293570 · Initial REG	750.00	510.00	240.00	47.1%
4293571 · Initial BEC	660.00	540.00	120.00	22.2%
4293572 · Re-Exam FAR	1,890.00	2,010.00	-120.00	-6.0%
4293573 · Re-Exam REG	2,010.00	1,920.00	90.00	4.7%
4293574 · Re-Exam BEC	2,130.00	2,130.00	0.00	0.0%
4491000 · Interest and Dividend Revenue	3,578.78	-938.43	4,517.21	481.4%
4896021 · Legal Recovery Cost	1,175.00	1,250.00	-75.00	-6.0%
4920045 · Undistributed Earnings	0.00	6,060.45	-6,060.45	-100.0%
<b>Total Income</b>	<b>253,793.78</b>	<b>214,007.02</b>	<b>39,786.76</b>	<b>18.6%</b>
<b>Gross Profit</b>	<b>253,793.78</b>	<b>214,007.02</b>	<b>39,786.76</b>	<b>18.6%</b>
<b>Expense</b>				
5101000 · Annual/Sick Leave Compensation	0.00	2,566.54	-2,566.54	-100.0%
5101010 · F-T Emp Sal & Wages	48,656.03	47,584.68	1,071.35	2.3%
5101020 · P-T/Temp Emp Sal & Wages	25,353.13	26,057.99	-704.86	-2.7%
5101030 · Board & Comm Mbrs Fees	3,360.00	3,010.92	349.08	11.6%
5102010 · OASI-Employer's Share	5,624.36	5,643.44	-19.08	-0.3%
5102020 · Retirement-ER Share	4,399.76	4,418.55	-18.79	-0.4%
5102060 · Health /Life Ins.-ER Share	20,477.25	25,432.47	-4,955.22	-19.5%
5102080 · Worker's Compensation	44.46	92.36	-47.90	-51.9%
5102090 · Unemployment Insurance	33.30	24.26	9.04	37.3%
5203010 · Auto--State Owned	123.12	446.08	-322.96	-72.4%
5203020 · Auto-Private-Ownes Low Mileage	180.80	180.80	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	1,230.62	694.86	535.76	77.1%
5203100 · In State-Lodging	673.75	350.00	323.75	92.5%
5203120 · In State-Incidentals to Travel	10.00	0.00	10.00	100.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	9.00	-9.00	-100.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	215.00	148.00	68.8%
5203220 · OS-Auto Private Low Mileage	90.40	0.00	90.40	100.0%
5203260 · OS-Air Commercial Carrier	5,306.80	4,244.94	1,061.86	25.0%
5203280 · OS-Other Public Carrier	373.05	177.62	195.43	110.0%
5203300 · OS-Lodging	6,814.56	4,906.55	1,908.01	38.9%
5203320 · OS-Incidentals to Travel	335.00	169.00	166.00	98.2%
5203350 · OS-Non-Taxable Meals Overnight	831.00	694.00	137.00	19.7%
5204010 · Subscriptions	845.81	501.20	344.61	68.8%
5204020 · Dues and Membership Fees	3,440.00	3,230.00	210.00	6.5%
5204040 · Consultant Fees-Accounting	7,100.00	0.00	7,100.00	100.0%
5204160 · Workshop Registration Fees	5,560.00	3,920.00	1,640.00	41.8%
5204180 · Computer Services-State	963.00	945.00	18.00	1.9%
5204181 · Computer Development Serv-State	3,249.70	7,044.70	-3,795.00	-53.9%
5204200 · Central Services	8,215.85	6,580.95	1,634.90	24.8%
5204220 · Equipment Service & Maintenance	32.14	52.82	-20.68	-39.2%
5204230 · Janitorial/Maintenance Services	1,474.32	1,474.32	0.00	0.0%
5204340 · Computer Software Maintenance	1,093.50	0.00	1,093.50	100.0%
5204360 · Advertising-Newspapers	938.33	0.00	938.33	100.0%
5204440 · Newsletter Publishing	678.15	0.00	678.15	100.0%
5204460 · Equipment Rental	3,111.00	3,072.00	39.00	1.3%

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
**July 2014 through June 2015**

	Jul '14 - Jun 15	Jul '13 - Jun 14	\$ Change	% Change
5204490 · Rents Privately Owned Property	15,233.40	15,233.40	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%
5204530 · Telecommunications Services	3,160.62	3,365.32	-204.70	-6.1%
5204540 · Electricity	688.15	683.08	5.07	0.7%
5204560 · Water	111.75	111.75	0.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	1,325.00	-57.87	-4.4%
5204740 · Bank Fees and Charges	4,192.22	4,060.75	131.47	3.2%
5204960 · Other Contractual Services	60.96	724.50	-663.54	-91.6%
5205020 · Office Supplies	258.70	693.08	-434.38	-62.7%
5205310 · Printing State	155.25	199.70	-44.45	-22.3%
5205320 · Printing/Duplicating/Binding Co	287.33	276.70	10.63	3.8%
5205330 · Supplemental Publications	1,055.00	387.50	667.50	172.3%
5205340 · Microfilm Supplies/Materials	0.00	176.15	-176.15	-100.0%
5205350 · Postage	3,704.62	1,000.00	2,704.62	270.5%
5207900 · Computer Hardware	2,351.62	-238.63	2,590.25	1,085.5%
5207960 · Computer Software Expense	95.00	0.00	95.00	100.0%
5228000 · Operating Transfers Out-NonBudg	3,941.83	4,482.78	-540.95	-12.1%
5228030 · Depreciation Expense	11,064.54	12,070.40	-1,005.86	-8.3%
<b>Total Expense</b>	<b>208,841.11</b>	<b>198,491.53</b>	<b>10,349.58</b>	<b>5.2%</b>
<b>Net Ordinary Income</b>	<b>44,952.67</b>	<b>15,515.49</b>	<b>29,437.18</b>	<b>189.7%</b>
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
5228090 · Security Lending Rebate Fees	0.00	48.02	-48.02	-100.0%
<b>Total Other Expense</b>	<b>0.00</b>	<b>48.02</b>	<b>-48.02</b>	<b>-100.0%</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>-48.02</b>	<b>48.02</b>	<b>100.0%</b>
<b>Net Income</b>	<b>44,952.67</b>	<b>15,467.47</b>	<b>29,485.20</b>	<b>190.6%</b>



## **REPORT TO BOARD ON NASBA ANNUAL MEETING**

The Annual Meeting for NASBA will be held October 25-28, 2015. The location of the meeting will be in Dana Point, CA.

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

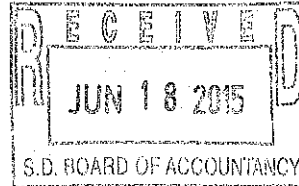
		FY17 BUDGET WORKSHEET					
			State Act	QB Act	FY16	Expand-	FY17
Income	Description	FY14	FY15	FY15	Budget	Reduce	Budget
4293550	Initial Individual Certificate	2,950.00	2,675.00	2,600.00	2,800.00	0.00	2,800.00
4293551	Cert Renew-Active	64,550.00	57,550.00	67,650.00	58,000.00	0.00	58,000.00
4293552	Cert Renew-Inactive	24,100.00	21,000.00	25,300.00	21,000.00	0.00	21,000.00
4293553	Cert Renew-Retired	1,150.00	1,030.00	1,380.00	800.00	200.00	1,000.00
4293554	Initial Firm Permit	450.00	950.00	950.00	700.00	0.00	700.00
4293555	Firm Permit Renew	16,050.00	13,610.00	16,410.00	15,500.00	0.00	15,500.00
4293557	Initial Audit	4,350.89	4,637.64	720.00	900.00	0.00	900.00
4293558	Re-exam Audit	18,692.43	12,980.61	1,980.00	2,460.00	0.00	2,460.00
4293560	Late Fee-Initial Certificate	200.00	200.00	200.00	0.00	0.00	0.00
4293561	Late Fees-Cert Renew	2,850.00	2,900.00	2,900.00	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	250.00	300.00	300.00	600.00	0.00	600.00
4293564	Late Fees- Peer Review	1,450.00	1,200.00	1,200.00	1,300.00	0.00	1,300.00
4293566	Firm Permit Owners	109,555.00	92,250.00	113,415.00	105,000.00	0.00	105,000.00
4293567	Peer Review Admin Fee	5,850.00	5,250.00	5,175.00	5,650.00	0.00	5,650.00
4293568	Firm Permit Name Change	200.00	250.00	250.00	100.00	0.00	100.00
4293569	Initial FAR	6,973.98	6,811.61	1,170.00	1,140.00	0.00	1,140.00
4293570	Initial REG	3,384.72	4,505.79	750.00	660.00	0.00	660.00
4293571	Initial BEC	3,432.72	4,455.22	660.00	930.00	0.00	930.00
4293572	Re-Exam FAR	13,896.59	13,103.23	1,890.00	1,860.00	0.00	1,860.00
4293573	Re-exam REG	12,801.75	13,318.97	2,010.00	2,310.00	0.00	2,310.00
4293574	Re-exam BEC	13,510.32	13,522.79	2,130.00	2,310.00	0.00	2,310.00
4491000	Interest and Dividend Revenue	5,207.41	3,578.78	3,578.78	6,500.00	(2500.00)	4,000.00
4896021	Legal Recovery Cost	1,250.00	1,175.00	1,175.00	1,000.00	0.00	1,000.00
4950	Refund Prior Years Expenses	238.63	0.00	0.00	0.00	0.00	0.00
	<b>Total Income</b>	<b>313,344.44</b>	<b>277,254.64</b>	<b>253,793.78</b>	<b>234,520.00</b>	<b>-2,300.00</b>	<b>232,220.00</b>
			State Act	QB Act	FY16	Expand-	FY17
Expenses -Sal & Benefits		FY14	FY15	FY15	Budget	Reduce	Budget
5101010	F-T Emp Sal & Wages	47711.48	48656.03	48,656.03	73,420.00	0.00	73,420.00
5101020	P-T Emp Sal & Wages	25478.75	25353.13	25,353.13	27,319.00	0.00	27,319.00
5101030	Board & Comm. Members	2760.00	3360.00	3,360.00	2,595.00	0.00	2,595.00
5102010	OASI - Employers	5601.17	5624.36	5,624.36	8,102.00	0.00	8,102.00
5102020	Retirement - Employers	4391.41	4399.76	4,399.76	6,044.00	0.00	6,044.00
5102060	Health Insurance	25186.5	20477.25	20,477.25	26,052.00	0.00	26,052.00
5102080	Workers Comp	95.14	44.46	44.46	218.00	0.00	218.00
5102090	Unemployment	23.49	33.3	33.30	91.00	0.00	91.00
	<b>Sal &amp; Benefits Totals</b>	<b>111,247.94</b>	<b>107,948.29</b>	<b>107,948.29</b>	<b>143,841.00</b>	<b>0.00</b>	<b>143,841.00</b>
			State Act	QB Act	FY16	Expand-	FY17
Expenses - Operational		FY14	FY15	FY15	Budget	Reduce	Budget
5203010	Auto - State Vehicle	446.08	123.12	123.12	1,000.00	(200.00)	800.00
5203020	Auto Private In State -employees	180.80	180.80	180.80	400.00	0.00	400.00
5203030	Auto Private In State- Board	694.86	1092.98	1,230.62	1,500.00	0.00	1,500.00
5203100	Lodging In State	350.00	673.75	673.75	1,000.00	0.00	1,000.00
5203120	Incidentals to Travel- In State	0.00	10.00	10.00	100.00	0.00	100.00
5203140	Meals Not Overnight - In State	9.00	0.00	0.00	100.00	0.00	100.00
5203150	Meals Overnight - In State	215.00	363.00	363.00	400.00	0.00	400.00
5203230	Auto Private Out of State - Board	0.00	134.80	90.40	100.00	0.00	100.00

5203260	Air Travel-Out of State	4788.54	4259.20	5,306.80	6,000.00	0.00	6,000.00
5203280	Other Public Transp Out of State	108.00	256.93	373.05	500.00	0.00	500.00
5203300	Lodging Out of State	5442.82	6077.95	6,814.56	7,800.00	0.00	7,800.00
5203320	Incidentals to Travel- Out of State	212.00	251.00	335.00	450.00	0.00	450.00
5203350	Meals Overnight - Out of State	769.00	700.00	831.00	1,300.00	0.00	1,300.00
5204010	Subscriptions	501.20	1233.31	845.81	1,000.00	0.00	1,000.00
5204020	Dues & Membership Fees	3470.00	3440.00	3,440.00	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	7100.00	7,100.00	7,100.00	0.00	7,100.00
5204080	Consultant Fees - Legal	0.00	0.00	0.00	0.00	0.00	0.00
5204160	Workshop Registration Fees	3920.00	5560.00	5,560.00	6,000.00	0.00	6,000.00
5204180	Computer Services - State	7674.10	4528.30	963.00	600.00	5400.00	6,000.00
5204181	Computer Dev. State	0.00	0.00	3,249.70	10,400.00	(5400.00)	5,000.00
5204200	Central Services	6580.95	8215.85	8,215.85	7,000.00	2000.00	9,000.00
5204220	Equipment Service & Maint	50.16	649.16	32.14	300.00	0.00	300.00
5204230	Janitorial	1474.32	1474.32	1,474.32	1,560.00	40.00	1,600.00
5204340	Computer-Tech Support	0.00	686.60	1,093.50	2,000.00	0.00	2,000.00
5204360	Advertising-Newspaper	0.00	938.33	938.33	1,000.00	0.00	1,000.00
5204440	Newsletter Publishing	0.00	0.00	678.15	1,100.00	(1000.00)	100.00
5204460	Equipment Rental	3015.00	2685.00	3,111.00	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	15233.40	15233.40	15,233.40	15,234.00	0.00	15,234.00
5204510	Rents-Other	200.00	230.80	230.80	500.00	0.00	500.00
5204530	Telecommunications	3291.86	3285.88	3,160.62	3,500.00	0.00	3,500.00
5204540	Electricity	675.47	689.52	688.15	865.00	0.00	865.00
5204560	Water	111.75	134.10	111.75	240.00	0.00	240.00
5204590	Insurance Premiums	1325.00	1267.13	1,267.13	1,710.00	0.00	1,710.00
5204740	Bank Svc Chrg (Credit Card Fees)	4060.75	4192.22	4,192.22	6,000.00	0.00	6,000.00
5204960	Other Contractual - NASBA	70191.54	62274.90	60.96	0.00	0.00	0.00
5205020	Office Supplies	632.97	28.01	258.70	2,000.00	0.00	2,000.00
5205028	Office Supplies	66.58	230.69	0.00	0.00	0.00	0.00
5205310	Printing/Copying State	199.70	155.25	155.25	500.00	0.00	500.00
5205320	Printing Commercial	273.25	982.73	287.33	1,000.00	0.00	1,000.00
5205330	Supplement Publications & Ref	387.50	667.50	1,055.00	700.00	0.00	700.00
5205340	Microfilm Supplies & Material	176.15	0.00	0.00	0.00	0.00	0.00
5205350	Postage	1000.00	3562.25	3,704.62	2,500.00	0.00	2,500.00
5207430	Office Machines	0.00	0.00	0.00	100.00	0.00	100.00
5207900	Computer	0.00	0.00	2,351.62	4,800.00	0.00	4,800.00
5207901	Computer Hardware	0.00	2351.62	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	95.00	500.00	0.00	500.00
52079610	Computer Software	0.00	95.00	0.00	0.00	0.00	0.00
5228000	DOL Overhead Allocated Fees	4482.78	3941.83	3,941.83	7,400.00	0.00	7,400.00
5228030	Depreciation	0.00	0.00	11,064.54	0.00	0.00	0.00
	<b>Object Totals</b>	<b>142,210.53</b>	<b>149,957.23</b>	<b>100,892.82</b>	<b>115,959.00</b>	<b>840.00</b>	<b>116,799.00</b>
	<b>Total Expenses</b>	<b>253,458.47</b>	<b>253,458.47</b>	<b>208,841.11</b>	<b>259,800.00</b>	<b>840.00</b>	<b>260,640.00</b>
	<b>Net Income (Loss)</b>	<b>59,885.97</b>	<b>23,796.17</b>	<b>44,952.67</b>	<b>-25,280.00</b>	<b>-3,140.00</b>	<b>-28,420.00</b>



June 17, 2015

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



Dear Members of the Board:

**McGladrey LLP ("McGladrey") proposes to change its Board licensed firm name to RSM US LLP, effective October 26, 2015.**

In 1993 McGladrey was a founding member of RSM International, a network of global independent accounting, tax and consulting firms. The RSM trade name has become a critical enabler of McGladrey's ability to deliver quality services, globally, assuring consumers and clients worldwide of an existing network of firms that operate pursuant to common quality control policies and procedures carefully monitored by RSM International.

The RSM trade name has allowed McGladrey to compete internationally with the Big Four, Grant and BDO, similarly situated global associations of accounting, tax and consulting firms. Deploying the RSM US LLP name will allow McGladrey to compete on equal footing with these firms, fully consistent with trade name protocols deployed by our competitors.

McGladrey will change its name to RSM US LLP and register and use the new RSM name in all states effective October 26, 2015 as part of its effort to offer consumers enhanced ability to easily identify McGladrey's domestic capabilities and its international service associates. This will promote consumer knowledge and choice, avoid consumer confusion, and is fully consistent with CPA mobility among and between the states.

McGladrey has been publicly affiliated with RSM International for over 22 years. The proposed name change to RSM US LLP will not misinform or mislead consumers and clients. It is fully compliant with Rule 14-1 of the NASBA and AICPA Joint Model Act and all applicable Board rules governing firm name licensing.

We are reaching out now, well in advance of the effective date of the change, so that you have plenty of time to review and process our request. McGladrey will prospectively file to change its name with the Secretary of State of its State of organization and has reserved the name RSM US LLP and/or will prospectively file to change its registrations with secretary of state offices throughout the United States.

Our regulatory affairs professionals will follow up with you regarding this proposal. If you have any immediate questions, please contact me directly at (312) 648-8838 or [james.langdon@mcgladrey.com](mailto:james.langdon@mcgladrey.com) or contact Brian Taylor, McGladrey's Regulatory Compliance Manager, at (612) 455-9928 or [brian.taylor@mcgladrey.com](mailto:brian.taylor@mcgladrey.com). Thank you for your consideration.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "James Langdon", with a long horizontal line extending to the right.

James Langdon  
Assistant General Counsel

## **EXECUTIVE DIRECTOR'S REPORT**

Nicole Kasin

### **Online Renewals**

Renewals opened June 15, 2015. On July 28, 2015 a reminder email was sent to individuals and firms that did not renew, indicating the due date was August 1, 2015. A progress report follows on the next page.

### **Database discussion update**

Aaron Arnold, DLR Attorney, and I have reviewed the contracts proposed by the vendor and the contract the state prefers to utilize. We have merged the contracts and Aaron will be proposing the contract changes to DLR. Once an updated and more complete contract is ready for review from DLR we will again meet to review and bring the contract to the board for review for a new database.

### **Board Newsletter**

We teamed up with NASBA to create the July 2015 newsletter. The newsletter was distributed electronically to 2154 email addresses on July 21, 2015. After 8 days statistics were compiled and the open rate of the email was 57% and the click rate into the newsletter once opened was 52%.

To compare the average open rate for newsletter emails is usually 35-45% and the click rate is usually under 30%.

The newsletter was mailed to one individual as they requested. The design and work from the NASBA Communications Department is provided at no cost to Boards. Thus reducing costs to the board since we do not have to print the newsletter and distribute it via mail as in the past.

### **Board Discussion**

- Any New Business/topics?

	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		
DATE	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	Daily Totals
Monday, June 15, 2015	0	1	3	0	11	0	6	0	21
Tuesday, June 16, 2015	3	0	2	0	24	2	14	0	45
Wednesday, June 17, 2015	2	2	4	0	15	3	7	0	33
Thursday, June 18, 2015	8	0	2	0	8	0	9	0	27
Friday, June 19, 2015	0	0	4	0	9	1	6	0	20
Saturday, June 20, 2015	1	0	1	0	0	0	3	0	5
Sunday, June 21, 2015	0	0	4	0	1	0	3	0	8
Monday, June 22, 2015	1	1	3	0	11	3	9	0	28
Tuesday, June 23, 2015	3	0	0	0	14	1	4	0	22
Wednesday, June 24, 2015	3	0	1	0	16	1	9	0	30
Thursday, June 25, 2015	3	1	1	0	10	2	3	0	20
Friday, June 26, 2015	0	0	0	0	6	1	4	0	11
Saturday, June 27, 2015	0	0	0	0	1	0	0	0	1
Sunday, June 28, 2015	2	1	1	0	6	1	1	0	12
Monday, June 29, 2015	3	0	1	0	27	2	1	0	34
Tuesday, June 30, 2015	5	0	0	0	23	2	5	0	35
Wednesday, July 1, 2015	2	0	2	0	17	1	5	0	27
Thursday, July 2, 2015	2	1	1	0	12	5	2	0	23
Friday, July 3, 2015	0	0	1	0	4	0	0	0	5
Saturday, July 4, 2015	0	0	0	0	1	0	0	0	1
Sunday, July 5, 2015	0	0	0	0	0	0	1	0	1
Monday, July 6, 2015	3	2	1	0	16	3	4	0	29
Tuesday, July 7, 2015	3	0	0	0	12	1	5	0	21
Wednesday, July 8, 2015	4	0	0	0	9	0	5	0	18
Thursday, July 9, 2015	4	0	0	0	8	1	5	0	18
Friday, July 10, 2015	2	0	1	0	11	1	2	0	17
Saturday, July 11, 2015	0	0	0	0	3	1	2	0	6
Sunday, July 12, 2015	1	0	1	0	5	0	3	0	10
Monday, July 13, 2015	2	0	2	0	12	3	4	0	23
Tuesday, July 14, 2015	5	1	1	0	18	1	7	0	33
Wednesday, July 15, 2015	3	1	0	0	19	0	2	1	26
Thursday, July 16, 2015	3	3	0	0	10	7	4	0	27
Friday, July 17, 2015	6	2	0	0	22	5	5	0	40
Saturday, July 18, 2015	0	0	1	0	4	0	2	0	7
Sunday, July 19, 2015	1	0	1	0	5	0	1	0	8
Monday, July 20, 2015	2	0	0	0	12	4	9	0	27
Tuesday, July 21, 2015	4	1	1	0	14	9	9	0	38
Wednesday, July 22, 2015	3	0	1	0	14	3	7	0	28
Thursday, July 23, 2015	2	3	1	0	17	3	5	0	31
Friday, July 24, 2015	3	0	2	0	11	2	3	0	21
Saturday, July 25, 2015	1	1	2	0	4	2	2	0	12
Sunday, July 26, 2015	1	0	0	0	8	0	2	0	11
Monday, July 27, 2015	6	1	3	0	24	5	7	0	46
Tuesday, July 28, 2015	18	4	3	0	54	12	24	2	117
Wednesday, July 29, 2015	15	6	1	0	38	11	23	0	94
Thursday, July 30, 2015	10	2	4	0	28	4	14	0	62
Friday, July 31, 2015	12	2	4	0	40	11	18	0	87
Saturday, August 1, 2015	4	0	0	0	11	1	2	0	18
Sunday, August 2, 2015	1	0	0	0	0	0	2	0	3
Monday, August 3, 2015	0	0	1	0	1	0	1	0	3</

**STATE OF SOUTH DAKOTA  
DEPARTMENT OF LABOR & REGULATION  
BOARD OF ACCOUNTANCY**

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**IN THE MATTER OF**

**AMENDED NOTICE OF HEARING**

**Jerry R. Noonan,  
Certificate No. 252**

**Respondent**

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TO: Jerry Noonan  
J. Noonan Co.  
516 West 10<sup>th</sup> St.  
Sioux Falls, SD 57104

PLEASE TAKE NOTICE that an administrative hearing in the above-entitled matter will be held before the South Dakota Board of Accountancy on **Friday, August 14, at 10:00 a.m. CDT**, or as soon thereafter as the matter can be heard, at the Holiday Inn City Centre, located at 100 W. 8<sup>th</sup> St., Sioux Falls, SD, in the Cascade Room. **All parties and witnesses must be personally present for the above mentioned hearing unless otherwise authorized by the Department.**

This hearing is being held pursuant to the legal authority and jurisdiction granted to the South Dakota Department of Labor and Regulation, Board of Accountancy ("Board"), under SDCL Chapters 36-20B and 1-26.

The purpose of this hearing will be to determine whether Jerry R. Noonan, Certificate No. 252, violated state laws or administrative rules, thus resulting in the Board taking disciplinary action against Mr. Noonan.

Following the hearing, the Board shall issue findings of fact, conclusions of law, and a decision that may take such actions as are authorized by SDCL Chapter 36-20B, including, but not limited to, censure, reprimand, administrative fine, probation, continuing education, denial, suspension or revocation of Certificate No. 252. Additionally, pursuant to SDCL 1-26-29.1, should this proceeding result in discipline, the Board may assess all or part of its actual expenses for this proceeding against you.

This hearing is a contested case as that term is defined in SDCL 1-26-1 (2). As such, this hearing is an adversarial proceeding. You have the right to be present at the hearing and to be represented by an attorney. These and other due process rights will be forfeited if they are not exercised at the hearing. If you intend to be represented by an attorney, please inform the undersigned of your attorney's name, address, and telephone number.

If you do not appear at the scheduled time of the hearing, the matter may be dismissed or it may be decided on the basis of evidence presented at the hearing.

If the amount in controversy exceeds \$2,500.00 or if a property right may be terminated, a party to the contested case may require the agency to use the Office of Hearing Examiners by giving notice of the request to the agency no later than 10 days after service of this notice of hearing.

Notice of the Board's decision will be sent to you within 30 days after this matter is fully submitted to it, unless such time is extended by the Board pursuant to SDCL 1-26-30.1.

The decision based on the hearing may be appealed to the Circuit Court and the State Supreme Court, as provided by law.

If you or anyone participating in the hearing on your behalf requires accommodations due to a disability, contact Nicole Kasin at (605) 367-5770 and suitable arrangements will be made.

**Statutes and Rules involved in this hearing:**

**36-20B-27. Renewal of certificate--Continuing education requirement--Exception:**

For renewal of a certificate under this chapter, a licensee shall participate in a program of learning designed to maintain professional competency. The program of learning shall comply with rules, promulgated by the board pursuant to chapter 1-26. A licensee shall complete one hundred twenty hours of continuing education in each three-year renewal period. The board may, by rule promulgated pursuant to chapter 1-26, establish an exception to this requirement for certificate holders who do not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Any licensee granted such an exception by the board must place the word, inactive, adjacent to their CPA title or PA title on any business card, letterhead, or any other document or device, with the exception of their CPA certificate or PA license, on which their CPA or PA title appears.

**36-20B-40. Disciplinary action--Remedies available to board--Grounds:**

The board may, in accordance with chapter 1-26, revoke any certificate, license, or permit issued pursuant to this chapter or corresponding provisions of prior law or revoke or limit practice privileges under the provisions of § 36-20B-66 or 36-20B-67; suspend any such certificate, license, or permit, or refuse to renew any such certificate, license, or permit for a period of not more than five years; reprimand, censure, or limit the scope of practice of any licensee; impose an administrative fine not exceeding one thousand dollars, or place any licensee on probation, all with or without terms, conditions, and limitations, for any one or more of the following reasons:



3. Failure, on the part of a holder of a certificate, license, or permit under this chapter or registration under this chapter, or of a certificate, license or permit issued by another state, to maintain compliance with the requirements for issuance or renewal of such certificate, license, permit, or registration or to report changes to the board.
6. Violation of any provision of this chapter or rule, promulgated by the board pursuant to chapter 1-26, or violation of professional standards.

**20:75:04:11. Review of continuing professional education credits.**

Certificate holders are subject to verification of all continuing professional education credits submitted to the board. Annually, the board may randomly select holders of individual certificates who are in the three-year renewal cycle for review of continuing professional education credits. The period to be reviewed may be one to three reporting years prior to the request. The board shall determine the number selected for review each year based on a percentage of the number of individuals holding certificates at the time of the random selection. An individual selected for a review must provide documentation to verify attendance or completion of all courses reported to the board for continuing professional education credit.

If an individual does not meet the requirements of continuing professional education in SDCL 36-20B-27, § 20:75:04:07, 20:75:04:08, 20:75:04:09, or 20:75:04:10, an adjustment of hours may be made administratively if an audit of continuing education credits creates discrepancies in the individual's total number of hours during a year.

**20:75:04:15. Documentation for continuing professional education credit.**

A CPA or PA must document the credit claimed with the following acceptable evidence of completion:

1. For group and independent study programs, a certificate or other verification supplied by the CPE program sponsor;
2. For self-study programs using a pilot test, a certificate supplied by the CPE program sponsor after satisfactory completion of an examination;
3. For self-study programs using the word count formula, a certificate of completion from the National Association of State Boards of Accountancy National Registry Quality Assurance Service self study provider after satisfactory completion of the course;
4. For instruction credit, a certificate, program outline, or other verification supplied by the CPE program sponsor;
5. For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received;
6. For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college;
7. For published articles, books, or CPE programs:
  - a. A copy of the publication, or in the case of a CPE program, course development documentation, that names the writer as author or contributor;

- b. A statement from the writer supporting the number of CPE hours claimed; and
- c. The name and contact information of the independent reviewer or publisher.

**Facts supporting the alleged violations:**

1. On September 25, 2014, Noonan was sent a letter in regards to being selected for a CPE audit. Noonan was informed that the deadline for submission of the documentation to verify claimed CPE was October 31, 2014.
2. Noonan submitted partial CPE documentation to the board on October 15, 2014.
3. On November 19, 2014, Executive Director Kasin emailed Noonan in regards to the additional documentation needed to complete the CPE audit and to submit the documentation by December 10, 2014.
4. On December 8, 2014, Noonan mailed Executive Director Kasin partial CPE documentation. Noonan also stopped into the board office to discuss the cover letter submitted with the documentation. Noonan did not have sufficient documentation for the course *Tribal Bond Financing* claimed on September 26, 2013. Noonan agreed to have the course removed from his record. The course was 1 CPE hour. With the letter he sent additional CPE documentation that was not claimed on his renewal for period ending June 30, 2014. The course he was requesting CPE for was a published article named, A Concept Paper.
5. Executive Director Kasin held discussions with the CPE audit review committee and Board Attorney Aaron Arnold in regards to the questions posed in the letter sent from Noonan on December 8, 2014.
6. On January 21, 2015, Executive Director Kasin emailed Noonan in regards to the additional documentation needed to complete the CPE audit for the course Building Applications with ASP.NET from Microsoft Corporation on April 25, 2013, for 8 CPE hours. He was asked to please submit the documentation by January 30, 2015, or the course would be removed from his record. Noonan called the office and stated he did not have sufficient documentation for the course claimed and agreed to have the course removed from his record.
7. Noonan was also informed in regards to his request for the additional CPE documentation for a published article that additional information would need to be submitted to the board and the board would determine if the activity was eligible for CPE. The hours he was requesting for period ending June 30, 2014, could be added to his total CPE, but he had claimed his maximum of 60 hours of CPE though publication in period ending June 30, 2012, so they would not be used to meet the three year 120 hour requirement.
8. On January 23, 2015, Noonan emailed Executive Director Kasin, with a response of a new CPE course for his record, it was for research and a manual he developed named, *Training Leadership Manual for Native American Leadership* seminars.
9. Executive Director Kasin responded to the email in regards to his request for the additional CPE documentation for a published article that additional information would need to be submitted to the board and the board would determine if the activity was eligible for CPE. The hours he was requesting for period ending June 30, 2012 and period ending June 30, 2013, could be added to his total CPE, but he had claimed his maximum of 60 hours of CPE though publication in period ending June 30, 2012, so they would not be used to meet the three year 120 hour requirement.

10. Executive Director Kasin forwarded the original email from Noonan dated January 23, 2015, in regards to the request for CPE hours for the *Training Leadership Manual for Native American Leadership* seminars to board member Holly Brunick. Executive Director Kasin requested her review of the documentation and opinion on the type of CPE.
11. On January 25, 2015, Noonan sent Executive Director Kasin additional information and documentation in regards to the email sent on January 23, 2015. Noonan was requesting CPE for pre-seminar material preparation time for the seminar materials developed. He included additional documents named, A Call for Capability Statement and an advertising document for the seminar. The Call for Capability Statement dated the workshop in February 2010. The advertising document for the Tribal Leadership training was for the dates February 15-19, 2010. Those dates would be CPE for period ending June 30, 2010, which was not in review of the CPE audit being conducted.
12. On January 28, 2015, Board member Brunick responded to Executive Director Kasin on her opinion of CPE course *Training Leadership Manual for Native American Leadership* seminars from Noonan from the January 23, 2015. Board member Brunick determined the CPE credit being requested was for developing a CPE program or published writing in accordance with ARSD 20:75:04:01(7) and 20:75:04:05(4). The email was forwarded onto Board Attorney Arnold.
13. On February 9, 2015, the board office received a letter from Noonan dated February 5, 2015, stating it was a formal notice that he did not want to enter into the consent agreement and was requesting an adversarial hearing.
14. On February 10, 2015, Board Attorney Arnold mailed a certified letter to Noonan, responding that an administrative hearing would be scheduled.
15. Mr. Noonan failed to submit sufficient documentation to verify CPE courses reported taken in the period of July 1, 2012 to June 30, 2013. He provided documentation for 19 hours of CPE for the period ending June 30, 2013. He failed to provide sufficient documentation for 28 hours of CPE claimed for the period ending June 30, 2013. He failed to provide sufficient documentation to verify that he met the minimum of 20 hours of CPE each year as required in ARSD 20:75:04:07;
16. Mr. Noonan failed to submit sufficient documentation to verify CPE courses reported taken in the period of July 1, 2013 to June 30, 2014. He provided documentation for 35 hours of CPE for the period ending June 30, 2013. He failed to provide sufficient documentation for 1 hour of CPE claimed for the period ending June 30, 2014.
17. Mr. Noonan failed to submit sufficient documentation to verify the 120 hours of CPE claimed for the period ending June 30, 2014.
18. Mr. Noonan failed the CPE audit for the three year period ending June 30, 2014, by not submitting verifying documentation for all claimed CPE.

**STATE OF SOUTH DAKOTA  
DEPARTMENT OF LABOR & REGULATION  
BOARD OF ACCOUNTANCY**

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**IN THE MATTER OF**

**SCOTT W. VAN DEN HEMEL  
Certificate No. 1968**

**Respondent.**

**NOTICE OF HEARING  
ON PETITION FOR MODIFICATION  
OR REINSTATEMENT**

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TO:            Scott Van Den Hemel  
                117 Black & Yellow Trail  
                Ft. Pierre, SD 57532

PLEASE TAKE NOTICE that an administrative hearing in the above-entitled matter will be held before the South Dakota Board of Accountancy on **Friday, August 14, 2015, at 1:00 p.m. CST**, or as soon thereafter as the matter can be heard, at the Holiday Inn City Centre, located at 100 W 8<sup>th</sup> St., Sioux Falls, South Dakota, in the Cascade Room.

This hearing is being held pursuant to the legal authority and jurisdiction granted to the State Board of Accountancy (Board), under SDCL Chapter 36-20B and SDCL Chapter 1-26.

The purpose of this hearing will be to determine whether Certificate No. 1968 of Scott W. Van Den Hemel will be reinstated, thus allowing Scott W. Van Den Hemel to practice as a Certified Public Accountant.

Following the hearing, the Board shall issue findings of fact, conclusions of law, and a decision that may take such actions as are authorized by SDCL Chapter 36-20B, including denial of the reinstatement of Certificate No. 1968. Under the provisions of SDCL 1-26-29.1, should this proceeding result in discipline, the Board may assess all or part of its actual expenses for this proceeding against you.

This hearing is a contested case as that term is defined in SDCL 1-26-1 (2). As such, this hearing is an adversary proceeding. You have the right to be present at the hearing and to be represented by an attorney. These and other due process rights will be forfeited if they are not exercised at the hearing. If you intend to be represented by an attorney, please inform the undersigned of your attorney's name, address, and telephone number.

If you do not appear at the scheduled time of the hearing, the matter may be dismissed or it may be decided on the basis of evidence presented at the hearing.

If the amount in controversy exceeds \$2500.00 or if a property right may be terminated, a party to the contested case may require the agency to use the Office of Hearing Examiners by giving notice of the request to the agency no later than 10 days after service of this notice of hearing.

Notice of the Board's decision will be sent to you within 30 days after this matter is fully submitted to it, unless such time is extended by the Board pursuant to SDCL 1-26-30.1.

The decision based on the hearing may be appealed to the Circuit Court and the State Supreme Court, as provided by law.

If you or anyone participating in the hearing on your behalf requires accommodations due to a disability, contact Nicole Kasin at (605) 367-5770 and suitable arrangements will be made.

**Statutes and Rules involved in this hearing:**

**36-20B-52: Modification of prior disciplinary action--Reissuance of certificate, license, or permit—Procedure:**

If the board has suspended or revoked a certificate, license, permit, or registration or revoked or limited practice privileges under the provisions of § 36-20B-66 or 36-20B-67 or refused to renew a certificate, license, permit, or registration, the board may, upon application in writing by the person or firm affected and for good cause shown, modify the suspension, or reissue the certificate, license, permit, or registration or remove the limitation or revocation of privileges.

The board shall, by rule promulgated pursuant to chapter 1-26, specify the manner in which such applications shall be made, the times within which they shall be made, and the circumstances in which hearings will be held.

**36-20B-53. Continuing professional education or peer review as condition for reissuance of certificate, license or permit:**

Before reissuing or terminating the suspension of a certificate, license, permit, or registration under this section or of practice privileges under the provisions of § 36-20B-66 or 36-20B-67, and as a condition thereto, the board may require the applicant to show successful completion of specified continuing professional education. The board may make the reinstatement of a certificate, license, permit, or registration or of practice privileges under the provisions of § 36-20B-66 or 36-20B-67 conditional and subject to satisfactory completion of a peer review conducted in such manner as the board may specify.

**20:75:06:01. Modification of discipline:**

If the board suspends or revokes a certificate or permit, refuses to renew a permit, or revokes or limits practice privileges granted pursuant to SDCL 36-20B-66 or 36-20B-67, the individual or firm affected may petition the board in writing requesting modification of the suspension, revocation, refusal to renew, or limits on practice privileges. The petition may be filed with the board no less than two years after the effective date of the board's decision unless the board specifies a shorter period in its decision.

A petition for modification of discipline under this section must be accompanied by a fee of \$1,000 to cover anticipated costs of the reinstatement proceeding. Anticipated costs include legal fees, court reporter costs, and service fees.

Upon receipt of the petition, the board shall schedule a formal hearing in accordance with SDCL chapter 1-26. The petitioner must demonstrate by clear and convincing evidence that the petitioner has the qualifications necessary for initial issuance of a certificate or permit, that resumption of the practice of public accountancy or the exercise of practice privileges pursuant to SDCL 36-20B-66 or 36-20B-67 will not be detrimental to the integrity and standing of the profession or subversive to the public interest, and that there is good cause for the board to modify its previous action. The board may not act on a subsequent petition until the expiration of at least one year from the effective date of the board's last ruling on the preceding petition.

**20:75:06:02. Reinstatement or reissuance of suspended or revoked certificate, permit, or practice privileges:**

A petition for reinstatement or reissuance under this section must be accompanied by a fee of \$1,000 to cover anticipated costs of the reinstatement proceeding. Anticipated costs include legal fees, court reporter costs, and service fees.

Upon receipt of the application, the board shall schedule a formal hearing in accordance with SDCL chapter 1-26. The applicant must demonstrate at the hearing by clear and convincing evidence that the applicant has the qualifications necessary for initial issuance of a certificate or permit, that resumption of the practice of public accountancy or the exercise of practice privileges pursuant to SDCL 36-20B-66 or 36-20B-67 will not be detrimental to the integrity and standing of the profession or subversive to the public interest, and that there is a good cause for the board to reinstate or reissue the certificate, permit, or practice privileges.

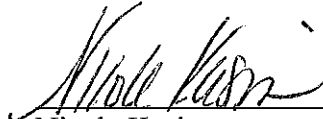
The board may not act on a subsequent application until the expiration of at least one year from the effective date of the board's last ruling on the preceding application.

This hearing is being held based upon the following facts:

1. On October 13, 2006, the Board issued findings of fact, conclusions of law and an Order revoking Scott W. Van Den Hemel's Certificate No. 1968;

2. Mr. Van Den Hemel's certificate was revoked due to his failure to comply with SDCL 36-20B-40(3) and 36-20B-23, and ARSD 20:75:03:02 and 20:75:03:03;
3. Failing to comply with such sections stemmed from Mr. Van Den Hemel's failure to notify the Board of his intent not to reinstate his certificate prior to its expiration, and his failure to surrender his certificate upon its expiration; and
4. On July 10, 2015, the Board received Mr. Van Den Hemel's application for reinstate and the necessary fee, as required by law.

Date this 10 day of July, 2015.



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Nicole Kasin  
Executive Director  
South Dakota Board of Accountancy  
301 E. 14<sup>th</sup> St., Suite 200  
Sioux Falls, SD 57104  
605-367-5770

## **Executive Summary of the Recommended Revisions to the CPE Standards by the Joint AICPA/NASBA CPE Standards Committee:**

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The Standards were last revised in 2012.

The *Standards* are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group is comprised of 13 members representing various stakeholders in the CPE arena including state boards of accountancy, state societies, educators, CPE providers and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendation to NASBA's CPE Committee, which in turn makes its recommendation to a Joint Committee on CPE Standards made up of representatives from the AICPA and NASBA.

The Working Group made its recommended changes to the *Standards*. NASBA's CPE Committee reviewed the recommendation and approved the recommendation with a minor revision at its January 2015 meeting.

In February 2015, the Joint Committee of CPE Standards reviewed and finalized its recommendation of changes to the *Standards* and request approval of its recommendation for exposure draft from the respective AICPA and NASBA Boards of Directors at their April 2015 meetings.

### **Overall:**

The most significant changes to the *Standards* are the recommendations to add two new delivery methods for continuing professional education programs: nano-learning and blended learning. The recommended changes are summarized as follows:

### **Introduction:**

#### **Clarifications -**

- Removed history of 2012 revisions to the *Standards* and clarified the revision process.

### **Definitions:**

#### **Clarifications -**

- Revised definitions for group live and group internet based programs to focus the definitions from how the program is delivered by the instructor to how the program is being received by the participants.
- Minor revisions/adjustments to definitions of other terms.

#### **Additions -**

- Definitions added for the following terms: asynchronous, blended learning program, nano-learning program, pre-program assessment, qualified assessment, social learning, synchronous, and tutorial.

### **General Guidelines for CPAs:**

#### **Clarifications -**

- Minor revisions and modifications to conform references to other sections of the *Standards*.



## **Standards for CPE Program Sponsors:**

### **Program Development:**

#### **Clarifications -**

- Minor revisions and modifications to conform references to other sections of the *Standards*.
- Clarified the license requirement of CPA whose involvement is required in the development of every accounting and auditing course. Similar clarification of CPA, tax attorney or enrolled agent who is required in the development of courses if in the field of taxes.
- Clarifications of the requirements for both group live and group internet based courses once the program has been recorded for future presentation.
- Clarification for self-study programs that permit the qualified assessment to occur during or at the conclusion of the program.
- Clarification that simulations and other innovative tools that guide the participants through structured decisions can be used in lieu of review questions for self-study programs.

#### **Additions -**

- Added the responsibilities of the CPE provider if the course content is purchased from another entity rather than developed in-house.
- Standard added for the development of group live programs—delivery method not separately identified in the 2012 *Standards*. The Standard requires that group live programs must include an element of participant engagement per CPE credit within the program.
- Included the requirement that the qualified assessment for a self-study program must measure a representative number of learning objectives for the program and defined a representative number.
- Added parameters to be used when a pre-program assessment is used in a self-study program.
- Standard added for the development of nano-learning programs, including details on the qualified assessment requirements and program re-takes for participants.
- Standard added for the development of blended learning programs, including guidelines on the composition of the programs.

### **Program Presentation:**

#### **Clarifications -**

- Minor revisions and modifications to conform references to other sections of the *Standards*.

### **Program Measurement:**

#### **Clarifications -**

- Clarified the portions of programs that should be eligible towards credit amounts (e.g., excludes breaks, housekeeping items, etc.).
- Provided guidance to allocate CPE credits when multiple fields of study are used in a learning program.
- Clarified that a participant's self-certification of attendance at a group program alone is not sufficient. The CPE provider must employ additional attendance monitoring procedures.
- Clarified that pre-program assessments in self-study programs may not be included in the determination of the CPE credit awarded for the program.
- Paragraph S17-07 clarifies the application of the word count formula for a self-study program when the program constitutes a video.

Additions –

- Included the measurement of one-fifth (0.20 credit) credit for nano-learning and for group programs after the first credit has been earned.
- Standard added for the measurement of nano-learning programs.
- Standard added for the measurement of blended learning programs.
- Paragraph S20-03 added to permit CPE credit to be awarded to technical reviewers of CPE programs for the actual review time up to the actual number of CPE credits for the program.

**Program Reporting:**

Additions -

- Paragraph S23-02 added to ease administrative burden of issuing certificates of completion for CPE providers that offer simultaneous delivery of a group live and group internet based program.
- Added a requirement for CPE providers to maintain the license information and status of CPA, tax attorney and/or enrolled agent used in the development of accounting, auditing and tax programs. The program descriptive materials (course announcement information) must also be maintained.

# **EXPOSURE DRAFT**

## **Statement on Standards for Continuing Professional Education (CPE) Programs**

**Jointly Issued by the American Institute of  
Certified Public Accountants (AICPA) and the  
National Association of State Boards of  
Accountancy (NASBA)**

**April 2015**

**Please submit comments by October 1, 2015 to:**

Clar Rosso at [crosso@aicpa.org](mailto:crosso@aicpa.org)

or

Jessica Luttrull at [jluttrull@nasba.org](mailto:jluttrull@nasba.org)

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## ***Introduction***

Continuing professional education is required for CPAs to maintain their professional competence and provide quality professional services. CPAs are responsible for complying with all applicable CPE requirements, rules and regulations of state boards of accountancy, as well as those of membership associations and other professional organizations.

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The *Standards* were last revised in 2012.

The *Standards* are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group is comprised of 13 members representing the various stakeholders in the CPE arena, including state boards of accountancy, state societies, educators, CPE providers, and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendations to NASBA's CPE Committee (CPE Committee), which in turn makes recommendations to the Joint AICPA/NASBA CPE Standards Committee (Joint Committee). The Joint Committee will then make its recommendation to the respective AICPA and NASBA Boards of Directors. Any revisions or modifications to the *Standards* will be posted to the AICPA and NASBA websites for comment.

The *Standards* are intended to be an "evergreen" document. As questions arise related to implementation and application of the *Standards*, the questions will be presented to the Working Group. The Working Group meets quarterly and scheduled meeting dates are posted on the NASBA website, LearningMarket.org. NASBA will communicate the findings of the Working Group to the specific CPE program sponsor. Authoritative interpretations will only be issued by the CPE Committee in limited cases when the matter is not addressed in the *Standards*, cannot be addressed specifically with the CPE program sponsor, or cannot be addressed in the Best Practices web pages. All interpretations issued by the CPE Committee will be reviewed and considered by the Joint Committee upon the next revision of the *Standards*.



## ***Preamble***

- 01.** The right to use the title "Certified Public Accountant" (CPA) is regulated by each state's board of accountancy in the public interest and imposes a duty to maintain public confidence and current knowledge, skills, and abilities in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.<sup>1</sup>
- 02.** The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their knowledge, skills, and abilities.
- 03.** The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these *Standards* to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.
- 04.** The following *Standards* have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. These *Standards* may also apply to other professionals by virtue of employment or membership. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.
- 05.** Advances in technology, delivery and workplace arrangements may lead to innovative learning techniques. Learning theory is evolving to include more emphasis on outcome based learning. These *Standards* anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the *Standards*. CPE program sponsors are encouraged to consult with NASBA regarding questions related to compliance with the *Standards* when utilizing innovative techniques.
- 06.** These *Standards* create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

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<sup>1</sup> The term "CPAs" is used in these *Standards* to identify all persons who are licensed and/or regulated by boards of accountancy.

## **Article I - Definitions**

**Advanced.** Program knowledge level most useful for individuals with mastery of the particular topic. This level focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. Advanced level programs are often appropriate for seasoned professionals within organizations; however, they may also be beneficial for other professionals with specialized knowledge in a subject area.

**Asynchronous.** A learning activity in which the participant has control over time, place and/or pace of learning.

**Basic.** Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

**Blended learning program.** An educational program incorporating multiple learning formats.

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

**CPE credit hour.** Fifty minutes of participation in a program of learning.

**CPE program sponsor.** The individual or organization responsible for issuing the certificate of completion, and maintaining the documentation required by these *Standards*. The term CPE program sponsor may include associations of CPAs, whether formal or informal, as well as employers who offer in-house programs.

**Evaluative feedback.** Specific response to incorrect answers to questions in self-study programs.

**Group Internet based program.** Synchronous learning on an individual basis with real time interaction of an instructor or subject matter expert and built-in processes for attendance and interactivity.

**Group live program.** Synchronous learning in a group environment with real time interaction of an instructor or subject matter expert that provides the required elements of attendance monitoring and engagement.

**Group program.** Any group live or group Internet based programs.

**Independent study.** An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

**Instructional methods.** Delivery strategies such as case studies, computer-assisted learning, lectures, group participation, programmed instruction, use of audiovisual aids, or work groups employed in group, self-study, or independent study programs or other innovative programs.

**Intermediate.** Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational and/or supervisory responsibilities.

**Learning activity.** An educational endeavor that maintains or improves professional competence.

**Learning contract.** A written contract signed by an independent study participant and a qualified CPE program sponsor prior to the commencement of the independent study.

**Learning objectives.** Specifications on what participants should accomplish in a learning activity. Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

**Nano-learning program.** A tutorial program designed to permit a participant to learn a given subject in a ten-minute timeframe through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real time instructor.

**Overview.** Program knowledge level that provides a general review of a subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels.

**Pilot test.** A method to determine the recommended CPE credit for self study programs which involves sampling of at least three individuals independent of the development team and representative of the intended participants to measure the representative completion time.

**Pre-program assessment.** Assessment that is given before the participant has access to the course content of the program.

**Professional competence.** Having requisite knowledge, skills, and abilities to provide quality services as defined by the technical and ethical standards of the profession. The expertise needed to undertake professional responsibilities and to serve the public interest.

**Program of learning.** A collection of learning activities that are designed and intended as continuing education and that comply with these *Standards*.

**Qualified Assessment.** Method of measuring the achievement of a representative number of the learning objectives of the learning activity.

**Reinforcement feedback.** Specific responses to correct answers to questions in self-study programs.

**Self study program.** An educational program completed individually without the assistance or interaction of a real time instructor.

**Social learning.** Learning from one's peers in a community of practice through observation, modeling and application.

**Synchronous.** Participants engage in learning activity(ies) at the same time.

**Tutorial.** A tutorial is a method of transferring knowledge that is more interactive and specific than a book, lecture or article. A tutorial seeks to teach by example and supply the information to complete a certain task.

**Word count formula.** A method, detailed under S17-05 Method 2, to determine the recommended CPE credit for self study programs that uses a formula including word count of learning material, number of questions and exercises, and duration of audio and video segments.

**Update.** Program knowledge level that provides a general review of new developments. This level is for participants with a background in the subject area who desire to keep current.

## Article II – General Guidelines for CPAs

**2.01 Professional Competence.** All CPAs should participate in learning activities that maintain and/or improve their professional competence.<sup>2</sup>

Selection of learning activities should be a thoughtful, reflective process addressing the individual CPA's current and future professional plans, current knowledge and skills level, and desired or needed additional competence to meet future opportunities and/or professional responsibilities.

CPAs fields of employment do not limit the need for CPE. CPAs performing professional services need to have a broad range of knowledge, skills, and abilities. Thus, the concept of professional competence may be interpreted broadly. Accordingly, acceptable continuing education encompasses programs contributing to the development and maintenance of professional skills.

The fields of study as published on NASBA's website, [www.learningmarket.org](http://www.learningmarket.org), represent the primary knowledge and skill areas needed by CPAs to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include: a self-assessment of the gap between current and needed knowledge, skills, and abilities; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

**2.02 CPE Compliance.** CPAs must comply with all applicable CPE requirements.

CPAs are responsible for compliance with all applicable CPE requirements, rules, and regulations of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. CPAs should contact each appropriate entity to which they report to determine its specific requirements or any exceptions it may have to the standards presented herein.

Periodically, CPAs participate in learning activities which do not comply with all applicable CPE requirements, for example specialized industry programs offered through industry sponsors. If CPAs propose to claim credit for such learning activities, they must retain all relevant information regarding the program to provide documentation to state licensing bodies and/or all other professional organizations or bodies that the learning activity is equivalent to one which meets all these standards.

**2.03 CPE Credits Record Documentation.** CPAs are responsible for accurate reporting of the appropriate number of CPE credits earned and must retain appropriate documentation of their participation in learning activities.

To protect the public interest, regulators require CPAs to document maintenance and enhancement of professional competence through periodic reporting of CPE. For convenience, measurement is expressed in CPE credits. However, the objective of CPE must always be maintenance/enhancement of professional competence, not attainment of credits. Compliance with regulatory and other requirements mandates that CPAs keep documentation of their participation in activities designed to maintain and/or improve professional competence. In the absence of legal or other requirements, a reasonable policy is to retain documentation for a minimum of five years from the end of the year in which the learning activities were completed.

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<sup>2</sup> The terms "should" and "must" are intended to convey specific meanings within the context of this *Joint AICPA/NASBA Statement on Standards for Continuing Professional Education Programs*. The term "must" is used in the *Standards* applying to CPAs and CPE program sponsors to convey that CPAs and CPE program sponsors are not permitted any departure from those specific *Standards*. The term "should" is used in the *Standards* applying to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are encouraged to follow such *Standards* as written.

Participants must document their claims of CPE credit. Examples of acceptable evidence of completion include:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano-learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No. 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

**2.04 Reporting CPE Credits.** CPAs who complete sponsored learning activities that maintain or improve their professional competence must claim no more than the CPE credits recommended by CPE program sponsors subject to the state board regulations.

CPAs may participate in a variety of sponsored learning activities. While CPE program sponsors determine credits, CPAs must claim credit only for activities through which they maintained or improved their professional competence. CPAs who participate in only part of a program must claim CPE credit only for the portion they attended or completed.

**2.05 Independent Study.** CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve their professional competence.

Independent study is an educational process designed to permit a participant to learn a given subject under the guidance of a CPE program sponsor. Participants in an independent study program must:

- Enter into a written learning contract with a CPE program sponsor that must comply with the applicable standards for CPE program sponsors. A learning contract:
  1. Specifies the nature of the independent study program and the time frame over which it is to be completed, not to exceed 15 weeks.
  2. Specifies that the output must be in the form of a written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor.
  3. Outlines the maximum CPE credit that will be awarded for the independent study program, but limits credit to actual time spent.
- Accept the written recommendation of the CPE program sponsor as to the number of credits to be earned upon successful completion of the proposed learning activities. CPE credits will be awarded only if:
  1. All the requirements of the independent study as outlined in the learning contract are met,
  2. The CPE program sponsor reviews and signs the participant's report,
  3. The CPE program sponsor reports to the participant the actual credits earned, and
  4. The CPE program sponsor provides the participant with contact information.

The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

The participation of at least one licensed CPA (in good standing and holding an active license or its equivalent) is required in the development of every program in accounting and auditing. The participation of at least one licensed CPA, tax attorney, or IRS enrolled agent (in good standing and holding an active license or its equivalent) is required in the development of each program in the field of study of taxes. As long as this requirement is met at some point during the development process, a program would be in compliance. Whether to have this individual involved during the development or the review process is at the CPE program sponsor's discretion.

**S5 - 01. Qualifications of reviewers.** Individuals or teams qualified in the subject matter must review programs. When it is impractical to review certain programs in advance, such as lectures given only once, greater reliance should be placed on the recognized professional competence of the instructors or presenters. Using independent reviewing organizations familiar with these *Standards* may enhance quality assurance.

**S5 - 02. Review responsibilities if content purchased from another entity.** CPE program sponsors may purchase course content from other entities and developers. The organization that issues the certificate of completion under its name to the participants of the program is responsible for compliance with all *Standards* and other CPE requirements.

If a CPE program sponsor plans to issue certificates of completion under its name, then the CPE program sponsor must first consider whether the content was purchased from an entity registered with NASBA on the National Registry of CPE Sponsors.

- If the content is purchased from a sponsor registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor may maintain the author/developer and reviewer documentation from that sponsor in order to satisfy the content development requirements of the *Standards*. The documentation should be maintained as prescribed in Standard No. 24.
- If the content is purchased from an entity not registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor must independently review the purchased content to ensure compliance with the *Standards*. If the CPE program sponsor does not have the subject matter expertise on staff, then the CPE program sponsor must contract with a qualified individual to conduct the review. The CPE program sponsor must maintain the appropriate documentation regarding the credentials and experience of both the course author/developer(s) and reviewer(s) as prescribed in Standard No. 24.

**Standard No. 6. CPE program sponsors of independent study learning activities must be qualified in the subject matter.**

**S6 - 01. Requirements of independent study sponsor.** A CPE program sponsor of independent study learning activities must have expertise in the specific subject area related to the independent study. The CPE program sponsor must also:

- Review, evaluate, approve, and sign the proposed independent study learning contract, including agreeing in advance on the number of credits to be recommended upon successful completion.
- Review and sign the written report developed by the participant in independent study.
- Retain the necessary documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study.

**Standard No. 7. Group live programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning and include elements of engagement within the program.**

**S7 - 01. Required elements of engagement.** Each credit of CPE in a group live program must include at least one element of engagement related to course content (for example: group discussion; polling questions; instructor-posed question with time for participant reflection; and/or use of a case study with different engagement elements throughout the program).

**S7 – 02. Real time instructor during program presentation.** Group live programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group live program is recorded for future presentation, it will continue to be considered a group live program only where a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group live program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

**S7-03. No real time instructor during recorded program presentation.** A group live program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group live program and will only be classified as a self study program if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group live program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

**Standard No. 8. Group Internet based programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.**

**S8 - 01. Real time instructor during program presentation.** Group Internet based programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group Internet based program is recorded for future presentation, it will continue to be considered a group Internet based program only where a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group Internet based program, facilitated by a real time subject matter expert, will be equal to the CPE credit awarded to the original presentation.

**S8 – 02. No real time instructor during recorded program presentation.** A group Internet based program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group Internet based program and will only be classified as a self study program if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group Internet based program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

**Standard No. 9. Self study programs must use instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.**

**S9 - 01. Guide participant through a program of learning.** To guide participants through a program of learning, CPE program sponsors of self-study programs must elicit participant responses to test for understanding of the material. Appropriate feedback must be provided. Satisfactory completion of the program must be confirmed during or after the program through a qualified assessment.

**S9 – 02. Use of review questions or other content reinforcement tools.** Review questions must be placed at the end of each learning activity throughout the program in sufficient intervals to allow the participant the opportunity to evaluate the material that needs to be re-studied. If objective type questions are used, at least three review questions per CPE credit must be included or two review questions if the program is marketed for one-half CPE credits. Simulations and other innovative tools that guide participants through structured decisions can be used in lieu of review questions.

**S9 – 03. Evaluative and reinforcement feedback on review questions.** If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Simulations and other innovative tools that guide participants through structured decisions could provide feedback at irregular intervals or at the end of the learning experience. In those situations, single feedback would be permissible. True/false questions or other review questions that do not meet the evaluative and reinforcement feedback requirements are allowed as review questions but are not included in the number of review questions required per CPE credit. Forced choice questions, when used as part of an overall learning strategy, are allowed as review questions and can be counted in the number of review questions required per CPE credit. There is no minimum passing rate required for review questions.

**S9 – 04. Qualified assessment requirements.** To provide evidence of satisfactory completion of the course, CPE program sponsors of self-study programs must require participants to successfully complete a qualified assessment during or after the program with a cumulative minimum-passing grade of at least 70 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple-choice, essay, and simulations). At least five questions/scored responses per CPE credit must be included on the qualified assessment or three assessment questions/scored responses if the program is marketed for one-half CPE credits. For example, the qualified assessment for a five-credit course must include at least 25 questions/scored responses. Alternatively, a five and one-half credit course must include at least 28 questions/scored responses. Except in courses where recall of information is the learning strategy, duplicate review and qualified assessment questions are not allowed. True/false questions are not permissible on the qualified assessment.

If a pre-program assessment is used in the course, then the pre-program assessment cannot be included in the determination of the recommended CPE credits for the course. If a pre-program assessment is used and feedback is provided, then duplicate pre-program assessment and qualified assessment questions are not permitted. If a pre-program assessment is used and feedback is not provided, then duplicate pre-program assessment and qualified assessment questions are permissible. Feedback may comply with the feedback for review questions as described in S9-03, or take the form of identifying correct and incorrect answers.

A qualified assessment must measure a representative number of the learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program. The representative number of the learning objectives can be less than 75 percent of the learning objectives for the program only if a randomized question generator is used and the test bank used in the creation of the assessment includes at least 75 percent of the learning objectives for the program. Assessment items must be written to test the stated learning objectives of the course.

**S9 – 05. Feedback on qualified assessment.** Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and:

Utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size to minimize overlap of questions on the qualified assessment for the typical repeat test-taker. Feedback may comply with the feedback for review questions as described in S9 – 03, or take the form of identifying correct and incorrect answers.

Does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then:

- on a failed assessment, the CPE program sponsor may not provide feedback to the test-taker.
- on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback for review questions as described in S9-03, or take the form of identifying correct and incorrect answers.



**S9 – 06. Program/course expiration date.** Course documentation must include an expiration date (the time by which the participant must complete the qualified assessment). For individual courses, the expiration date is no longer than one year from the date of purchase or enrollment. For a series of courses to achieve an integrated learning plan, the expiration date may be longer.

**S9 – 07. Based on materials developed for instructional use.** Self study programs must be based on materials specifically developed for instructional use and not on third party materials. Self study programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by a test will not be acceptable. However, the use of the publications and reference materials in self-study programs as supplements to the instructional materials could qualify if the self study program complies with each of the CPE standards.

Instructional materials for self study include teaching materials which are written for instructional educational purposes. These materials must demonstrate the expertise of the author(s). At a minimum, instructional materials must include the following items:

1. An overview of topics;
2. The ability to find information quickly (for example, an index, a detailed menu or key word search function);
3. The definition of key terms (for example, a glossary or a search function that takes a participant to the definition of a key word);
4. Instructions to participants regarding navigation through the course, course components, and course completion;
5. Review questions with feedback; and
6. Qualified assessment.

**Standard No. 10. Nano-learning programs must use instructional methods that clearly define a minimum of one learning objective, guide the participant through a program of learning and provide evidence of a participant's satisfactory completion of the program. Satisfactory completion of the program must be confirmed at the conclusion of the program through a qualified assessment.**

**S10 – 01. Qualified assessment requirements.** To provide evidence of satisfactory completion of the course, CPE program sponsors of nano-learning programs must require participants to successfully complete a qualified assessment with a passing grade of 100 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, rank order, and matching). Only two questions must be included on the qualified assessment. True/false questions are not permissible on the qualified assessment. If the participant fails the qualified assessment, then the participant must re-take the nano-learning program. The number of re-takes permitted a participant is at the sponsor's discretion.

**S10 – 02. Feedback on qualified assessment.** Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and:

Utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size for no overlap of questions on the qualified assessment for the typical repeat test-taker. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Feedback may also take the form of identifying correct and incorrect answers.

Does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then:

- on a failed assessment, the CPE program sponsor may not provide feedback to the test-taker.
- on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback described in the preceding paragraph or take the form of identifying correct and incorrect answers.

**S10 – 03. Program/course expiration date.** Course documentation must include an expiration date. The expiration date is no longer than one year from the date of purchase or enrollment.

**S10 – 04. Based on materials developed for instructional use.** Nano-learning programs must be based on materials specifically developed for instructional use and not on third party materials. Nano-learning programs requiring only the reading of general professional literature, IRS publications or reference manuals followed by an assessment will not be acceptable.

**Standard No. 11. Blended learning programs must use instructional methods that clearly define learning objectives and guide the participant through a program of learning. Pre-program, post-program and/or homework assignments should enhance the learning program experience and must relate to the defined learning objectives of the program.**

**S11 – 01. Guide participant through a program of learning.** The blended learning program includes different learning or instructional methods (for example, lectures, discussion, guided practice, reading, games, case study, simulation); different delivery methods (group live, group Internet based, nano-learning or self study); different scheduling (synchronous or asynchronous); or different levels of guidance (for example, individual, instructor or subject matter expert led, or group/social learning). To guide participants through the learning process, CPE program sponsors must provide clear instructions/information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must document the process/components of the course progression and completion of components by the participants.

**S11 – 02. Primary component of blended learning program is a group program.** If the primary component of the blended learning program is a group program, then CPE credits for pre-program, post-program and/or homework assignments cannot constitute more than 25 percent of the total CPE credits available for the blended learning program.

**S11 – 03. Primary component of blended learning program is an asynchronous learning activity.** If the primary component of the blended learning program is an asynchronous learning activity, then the group program component of the blended learning program must incorporate a qualified assessment in which participants demonstrate achievement of the learning objectives of the program.

**S11 – 04. Qualified assessment requirements.** A qualified assessment must measure a representative number of learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program.

### **3.03 - Standards for CPE Program Presentation**

**Standard No. 12. CPE program sponsors must provide descriptive materials that enable CPAs to assess the appropriateness of learning activities. For CPE program sponsors whose courses are developed for sale and/or for external audiences (i.e., not internal training), CPE program sponsors must make the following information available in advance:**

- Learning objectives.
- Instructional delivery methods.
- Recommended CPE credit and recommended field of study.
- Prerequisites.
- Program level.
- Advance preparation.
- Program description.
- Course registration requirements.
- Refund policy for courses sold for a fee/cancellation policy.
- Complaint resolution policy.

- Official NASBA sponsor statement, if an approved NASBA sponsor (explaining final authority of acceptance of CPE credits).

For CPE program sponsors whose courses are purchased or developed for internal training only, CPE program sponsors must make the following information available in advance:

- Learning objectives.
- Instructional delivery methods.
- Recommended CPE credit and recommended field of study.
- Prerequisites.
- Advance preparation.
- Program level (for optional internal courses only).
- Program description (for optional internal course only).

**S12 – 01. Disclose significant features of program in advance.** For potential participants to effectively plan their CPE, the program sponsor must disclose the significant features of the program in advance (e.g., through the use of brochures, website, electronic notices, invitations, direct mail, or other announcements). When CPE programs are offered in conjunction with non-educational activities, or when several CPE programs are offered concurrently, participants must receive an appropriate schedule of events indicating those components that are recommended for CPE credit. The CPE program sponsor's registration and attendance policies and procedures must be formalized, published, and made available to participants and include refund/cancellation policies as well as complaint resolution policies.

**S12 – 02. Disclose advance preparation and/or prerequisites.** CPE program sponsors must distribute program materials in a timely manner and encourage participants to complete any advance preparation requirements. All programs must clearly identify prerequisite education, experience, and/or advance preparation requirements, if any, in the descriptive materials. Prerequisites, if any, must be written in precise language so that potential participants can readily ascertain whether they qualify for the program.

**Standard No. 13. CPE program sponsors must ensure instructors are qualified with respect to both program content and instructional methods used.**

**S13 – 01. Qualifications of instructors.** Instructors are key ingredients in the learning process for any group or blended learning program. Therefore, it is imperative that CPE program sponsors exercise great care in selecting qualified instructors for all group or blended learning programs. Qualified instructors are those who are capable, through training, education, or experience of communicating effectively and providing an environment conducive to learning. They must be competent and current in the subject matter, skilled in the use of the appropriate instructional methods and technology, and prepared in advance.

**S13 - 02. Evaluation of instructor's performance.** CPE program sponsors should evaluate the instructor's performance at the conclusion of each program to determine the instructor's suitability to serve in the future.

**Standard No. 14. CPE program sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.**

**S14 - 01. Required elements of evaluation.** The objectives of evaluation are to assess participant and instructor satisfaction with specific programs and to increase subsequent program effectiveness. Evaluations, whether written or electronic, must be solicited from participants and instructors for each program session, including self study and nano-learning programs, to determine, among other things, whether:

- Stated learning objectives were met.
- Stated prerequisite requirements were appropriate and sufficient.
- Program materials were relevant and contributed to the achievement of the learning objectives.
- Time allotted to the learning activity was appropriate.
- Individual instructors were effective. (Note: This topic does not need to be included in evaluations for self study and nano-learning programs.)

**S14 - 02. Evaluation results.** CPE program sponsors must periodically review evaluation results to assess program effectiveness and should inform developers and instructors of evaluation results.

**Standard No. 15. CPE program sponsors must ensure instructional methods employed are appropriate for the learning activities.**

**S15 - 01. Assess instructional method in context of program presentation.** CPE program sponsors must assess the instructional methods employed for the learning activities to determine if the delivery is appropriate and effective.

**S15 – 02. Facilities and technology appropriateness.** Learning activities must be presented in a manner consistent with the descriptive and technical materials provided. Integral aspects in the learning environment that should be carefully monitored include the number of participants and the facilities and technologies employed in the delivery of the learning activity.

### **3.04 - Standards for CPE Program Measurement**

**Standard No. 16. Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend one-fifth (0.20 credit equal to 10-minute period) and one-half (0.50 credit equal to 25-minute period) CPE credits under the following scenarios:**

- Group – after the first credit has been earned.
- Self study – one-half increments (equal to 25 minutes) are permitted.
- Nano-learning – one-fifth increments (equal to 10 minutes) are permitted.

The CPA claiming CPE credits should refer to respective state board requirements regarding acceptability of one-fifth and one-half CPE credits.

Only learning content portions of programs (including pre-program, post-program and/or homework assignments when incorporated into a blended learning program) qualify toward eligible credit amounts. Time for activities outside of actual learning content including, for example, excessive welcome and introductions, housekeeping instructions, and breaks is not accepted toward credit.

**S16 – 01. Learning activities with individual segments.** For learning activities in which individual segments are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute presentations would equal 150 minutes and would be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-fifth credit, if one-fifth credits are awarded. Thus, learning activities with segments totaling 140 minutes would be granted two and four-fifths CPE credits.

For learning activities in which segments are classified in multiple fields of study, the CPE credits granted should first be computed based on the content time of the total program. Next, the CPE credits granted should be allocated to the fields of study based on the field of study content time. If the sum of the individual segments by field of study content time does not equal the CPE credits computed based on the content

time for the total program, then the difference (positive or negative) should be allocated to the primary field of study for the program.

**S16 – 02. Responsibility to monitor attendance.** While it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must maintain a process to monitor individual attendance at group programs to assign the correct number of CPE credits. A participant's self-certification of attendance alone is not sufficient.

**S16 – 03. Monitoring mechanism for group Internet based programs.** In addition to meeting all other applicable group program standards and requirements, group Internet based programs must employ some type of real time monitoring mechanism to verify that participants are participating during the duration of the course. The monitoring mechanism must be of sufficient frequency and lack predictability to provide assurance that participants have been engaged throughout the program. The monitoring mechanism must employ at least three instances of interactivity completed by the participant per CPE credit. CPE program sponsors should verify with respective state boards on specific interactivity requirements.

**S16 – 04. Small group viewing of group Internet based programs.** In situations where small groups view a group Internet based program such that one person logs into the program and asks questions on behalf of the group, documentation of attendance is required in order to award CPE credits to the group of participants. Participation in the group must be documented and verified by the small group facilitator or administrator in order to authenticate attendance for program duration.

**S16 – 05. University or college credit course.** For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

- Semester System 15 credits
- Quarter System 10 credits

**S16 – 06. University or college non-credit course.** For university or college non-credit courses that meet these CPE standards, CPE credit shall be awarded only for the actual classroom time spent in the non-credit course.

**S16 – 07. Participant preparation time.** Credit is not granted to participants for preparation time, unless the program meets the criteria for blended learning in Standard No. 11.

**S16 – 08. Committee or staff meetings qualification for CPE credits.** Only the portions of committee or staff meetings that are designed as programs of learning and comply with these *Standards* qualify for CPE credit.

**Standard No. 17 CPE credit for self study learning activities must be based on one of the following educationally sound and defensible methods:**

**Method 1: Pilot test of the representative completion time.**

**Method 2: Computation using the prescribed word count formula.**

**If a pre-program assessment is used, the pre-program assessment is not included in the CPE credit computation.**

**S17 – 01. Method 1 - Sample group of pilot testers.** A sample of intended professional participants must be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group must consist of at least three qualified individuals who are independent of the program development group.

- For those courses whose target audience includes CPAs, the sample group must be licensed CPAs in good standing, holding an active license or its equivalent and possess the appropriate level of knowledge before taking the program.
- For those sponsors who are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs, those courses do not have to be pilot tested by licensed CPAs.
- For those courses whose target audience includes CPAs and non-CPAs, the sample group must be representative of the target audience and contain both CPAs, as defined above, and non-CPAs.

**S17 – 02. Method 1 – CPE credit based on representative completion time.** The sample does not have to ensure statistical validity; however, if the results of pilot testing are inconsistent, then the sample must be expanded or, if the inconsistent results are outliers, the inconsistent results must be eliminated. CPE credit must be recommended based on the representative completion time for the sample. Completion time includes the time spent taking the final examination and does not include the time spent completing the course evaluation or pre-program assessment. Pilot testers must not be informed about the length of time the program is expected to take to complete. If substantive changes are subsequently made to program materials, further pilot tests of the revised program materials must be conducted to affirm or amend, as appropriate, the representative completion time.

**S17 – 03. Method 1 – Requirement for re-pilot testing.** If, subsequent to course release, actual participant completion time warrants a change in CPE credit hours, re-pilot testing is required to substantiate a change in CPE credit prospectively.

**S17 – 04. Method 1 – Pilot testing when course is purchased from vendor or other developer.** CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where pilot tests were conducted and provided, CPE program sponsors must review results of the course developer's pilot test results to ensure that the results are appropriate. For purchased courses where no pilot tests were conducted or provided, CPE program sponsors must conduct pilot testing or perform the word count formula as prescribed in Method 2.

**S17 – 05. Method 2 – Basis for prescribed word count formula.** The prescribed word count formula begins with a word count of the number of words contained in the text of the required reading of the self study program and should exclude any material not critical to the achievement of the stated learning objectives for the program. Examples of information material that are not critical and therefore excluded from the word count are: course introduction; instructions to the participant; author/course developer biographies; table of contents; glossary; pre-program assessment; and appendices containing supplementary reference materials.

Again, only course content text that is critical to the achievement of stated learning objectives should be included in the word count formula. If an author/course developer determines, for example, that including the entire accounting rule or tax regulation is beneficial to the participant, the accounting rule or tax regulation should be included as an appendix to the course as supplementary reference material and excluded from the word count formula. Only pertinent paragraphs or sections of the accounting rule or tax regulation required for the achievement of stated learning objectives should be included in the actual text of the course and therefore included in the word count formula.

Review questions, exercises and qualified assessment questions are considered separately in the calculation and should not be included in the word count.

**S17 – 06. Method 2 – Calculation of CPE credit using the prescribed word count formula.** The word count for the text of the required reading of the program is divided by 180, the average reading speed of adults. The total number of review questions (including those above the minimum requirements), exercises and qualified assessment questions is multiplied by 1.85, which is the estimated average completion time per question. These two numbers plus actual audio/video duration time (not narration of the text), if any,

are then added together and the result divided by 50 to calculate the CPE credit for the self study program. When the total minutes of a self study program are not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit.

$$[(\# \text{ of words}/180) + \text{actual audio/video duration time} + (\# \text{ of questions} * 1.85)] / 50 = \text{CPE credit}$$

**S17 – 07. Method 2 – Consideration of audio and video segments in word count formula.** If audio and video segments of a self study program constitute additional learning for the participant (i.e., not narration of the text), then the actual audio/video duration time may be added to the time calculation as provided in the prescribed word count formula. If the entire self study program constitutes a video, then the prescribed word count formula in S17 – 06 would consist of the actual video time plus the total number of review questions (including those above the minimum requirements), exercises and qualified assessment questions multiplied by 1.85 divided by 50 (i.e., there would be no word count for text used in the formula).

$$[\text{actual audio/video duration time} + (\# \text{ of questions} * 1.85)] / 50 = \text{CPE credit}$$

**S17 – 08. Method 2 – Word count formula when course is purchased from vendor or other developer.** CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where the word count formula was calculated, CPE program sponsors must review the results of the course developer's word count formula calculation to ensure that results are appropriate. For purchased courses where the word count formula calculation was not performed or provided, CPE program sponsors must perform the word count formula calculation or conduct pilot testing as described in Method 1.

**Standard No. 18. CPE credit for nano-learning programs must be based on duration of the program plus the qualified assessment, which when combined should be a minimum of 10 minutes. However, one-fifth (0.20 credit) CPE credit is the maximum credit to be awarded for a single nano-learning program.**

**Standard No. 19. CPE credit for blended learning programs must equal the sum of the CPE credit determinations for the various completed components of the program. CPE credits could be determined by actual duration time (for example, audio/video duration time or learning content delivery time in a group program) or by a pilot test of the representative completion time as prescribed in S17-01 or word count formula as prescribed in S17-06 (for example, reading, games, case studies, simulations).**

**Standard No. 20. Instructors, discussion leaders or technical reviewers of learning activities may receive CPE credit for their preparation/review and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these *Standards*.**

**S20 – 01. Instructor CPE credit parameters.** Instructors, discussion leaders, or speakers who present a learning activity for the first time may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation, subject to regulations and maximums established by the state boards. For example, for learning activities in which participants could receive 8 CPE credits, instructors may receive up to 24 CPE credits (16 for preparation plus 8 for presentation). For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

**S20 – 02. Presenting a program.** The CPA claiming CPE credits should refer to respective state board requirements.

**S20 – 03. Technical reviewer CPE credit parameters.** Technical reviewers who review a learning activity for the first time may receive CPE credit for actual review time up to the actual number of CPE credits for

the program, subject to regulations and maximums established by state boards. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

**Standard No. 21. Writers of published articles, books, or CPE programs may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence.**

**S21 – 01. Requirement for review from independent party.** Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. For the writer to receive CPE credit, the article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication.

**S21 – 02. Authoring a program.** As a general rule, receiving CPE credits for authoring and presenting the same program should not be allowed. The CPA claiming CPE credits should refer to respective state board requirements.

**Standard No. 22. CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract.**

**S22 – 01. CPE credits agreed to in advance.** The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

### **3.05 - Standards for CPE Program Reporting**

**Standard No. 23. CPE program sponsors must provide program participants at or after the conclusion of the program with documentation (electronic or paper) of their participation (certificate of completion), which includes the following:**

- CPE program sponsor name and contact information.
- Participant's name.
- Course title.
- Course field of study.
- Date offered or completed.
- If applicable, location.
- Type of instructional/delivery method used.
- Amount of CPE credit recommended.
- Verification by CPE program sponsor representative.
- Sponsor identification number or registration number, if required by the state boards.
- NASBA time statement stating that CPE credits have been granted on a 50-minute hour.
- Any other statements required by state boards.

**S23 – 01. Entity to award CPE credits and acceptable documentation.** The CPE program sponsor is the individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by these *Standards*. The entity whose name appears on the certificate of completion is responsible for validating the CPE credits claimed by a participant. CPE program sponsors must provide participants with documentation (electronic or paper) to support their claims of CPE credit. Acceptable evidence of completion includes:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano-learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.



- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

**S23-02. Certificate issuance for simultaneous delivery of a group live and group internet based program.** In circumstances where the CPE program sponsor is providing simultaneous delivery of a group live and group Internet based program, the CPE program sponsor, at its discretion, may issue the certificate of completion to all program participants by awarding CPE credits under the instructional delivery method attended by the majority of the participants. The delivery and attendance monitoring requirements of the respective instructional delivery methods still apply.

**Standard No. 24. CPE program sponsors must retain adequate documentation (electronic or paper) for a minimum of five years to support their compliance with these standards and the reports that may be required of participants.**

**S24 – 01. Required documentation elements.** Evidence of compliance with responsibilities set forth under these standards which is to be retained by CPE program sponsors includes, but is not limited to:

- Records of participation.
- Dates and locations.
- Author/instructor, author/developer and reviewer, as applicable, names and credentials. For the CPA and tax attorney acting as an author/instructor, author/developer and reviewer for accounting, auditing or tax program(s), the state of licensure, license number and status of license should be maintained. For the enrolled agent acting in such capacity for tax program(s), information regarding the enrolled agent number should be maintained.
- Number of CPE credits earned by participants.
- Results of program evaluations.
- Program descriptive materials (course announcement information).

Information to be retained by CPE program sponsors includes copies of program materials, evidence that the program materials were developed and reviewed by qualified parties, and a record of how CPE credits were determined.

**S24 – 02. Maintenance of documentation as basis for CPE credit for self study programs.** For CPE program sponsors using Method 1 (pilot tests) as the basis for CPE credit for self study programs, appropriate pilot test records must be retained regarding the following:

- When the pilot test was conducted.
- The intended participant population.
- How the sample of pilot testers was selected.
- Names and credentials and relevant experience of sample pilot test participants.
- A summary of pilot test participants' actual completion time.
- Statement from each pilot tester to confirm that the pilot tester is independent from the course development group and that the pilot tester was not informed in advance of the expected completion time.

For CPE program sponsors using Method 2 (word count formula) as the basis for CPE credit for self study programs, the word count formula calculation as well as the supporting documentation for the data used in

the word count formula (e.g., word count; number of review questions, exercises and final examination questions; duration of audio and/or video segments, if applicable; and actual calculation) must be retained.

**Effective dates:**

Unless otherwise established by state licensing bodies and/or other professional organizations, these Standards are to be effective upon Board approval except as follows:

1. For group live programs , instances of engagement per S7-01 must be incorporated during the next CPE program review/revision date.

**National Association of State Boards of Accountancy, Inc.**

**Meeting of the Board of Directors**

**April 24, 2015 – Inn at the Biltmore, Asheville, NC**

**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 Walter C. Davenport at 9:00 a.m. on Friday, April 24, 2015 at the Inn at the Biltmore in Asheville, NC.

**2. Report of Attendance**

President Ken L. Bishop reported the following were present:

Officers

Walter C. Davenport, CPA (NC), Chair  
Donald H. Burkett, CPA (SC), Vice Chair  
Carlos E. Johnson, CPA (OK), Past Chair  
E. Kent Smoll, CPA (KS), Treasurer  
Laurie J. Tish, CPA (WA), Secretary

Directors-at-Large

A. Carlos Barrera, CPA (TX)  
Jimmy E. Burkes, CPA (MS)  
Janice L. Gray, CPA (OK)  
Raymond N. Johnson, CPA (OR)  
Telford A. Lodden, CPA (IA)  
Harry O. Parsons, CPA (NV)  
Richard N. Reisig, CPA (MT)

Regional Directors

J. Coalter Baker, CPA (TX), Southwest Regional Director  
Robert J. Cochran, CPA (VA), Middle Atlantic Regional Director  
John F. Dailey, Jr., CPA (NJ), Northeast Regional Director - Via conference call  
W. Michael Fritz, CPA (OH), Great Lakes Regional Director  
Janeth Glenn, CPA-Inactive (NE), Central Regional Director  
Edwin G. Jolicoeur, CPA (WA), Pacific Regional Director  
Benjamin C. Steele, CPA (NV), Mountain Regional Director

Russ Friedewald (IL) – Executive Directors Committee Liaison

Absent

Maria E. Caldwell, CPA (FL), Southeast Regional Director

### 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  
Noel L. Allen, Esq., Outside Legal Counsel

### 3. Approval of Minutes

Secretary Laurie Tish presented the minutes of the Board of Directors' January 2015 meeting and moved for their approval. Harry Parsons seconded and the minutes were unanimously approved with corrections.

### 4. Chair's Report

Chair Walter Davenport reported that he and President Ken Bishop had met with the Association of Chartered Accountants in the U.S. (ACAUS) and with the executive director of the South African Institute of Chartered Accountants (SAICA), and they all were interested in the unilateral international pathway under discussion between NASBA and the AICPA. Once deliberations of the NASBA/AICPA International Qualifications Appraisal Board (IQAB) on the new pathway advance, the concept will be brought to the State Boards to get their support

Successful Executive Director and Legal Counsel conferences were held in March. This was the first time in approximately 20 years that the State Societies' CEOs were invited to attend the Executive Directors' conference. There were 22 Society CEOs in attendance and it is hoped more will attend next year's conference, Mr. Davenport stated.

NASBA and AICPA leadership held a summit meeting on February 6 in Florida. Chair Davenport observed it was a constructive meeting with much discussion

Ms. Glenn announced that for personal reasons she would not run for Central Regional Director 2015-16, will end her service on the Nebraska Board in September, and will not be attending the Western Regional Meeting. Chair Davenport thanked her for her service. He also announced that for personal reasons Southeast Regional Director Maria Caldwell may not be attending the Eastern Regional Meeting, but she will continue to serve on the NASBA Board.

### 5. Vice Chair's Report

Vice Chair Donald Burkett reported a request for people to volunteer for NASBA's 2015-16 committees had been sent out. He said NASBA needs a diverse group of volunteers on its committees. Mr. Burkett will have a meeting in late May to begin the committee assignment process. He reported he had listened in to the conference calls of the Communications Committee, Compliance Assurance Committee, Bylaws Committee and Regulatory Response Committee and they are all hard at work. Mr. Davenport encouraged the Board members to reach

out to the State Boards and encourage their members to complete the forms. He noted that final committee rosters will probably not be determined until after the Eastern Regional Meeting.

## 6. President's Report

President Ken L. Bishop and the Board members congratulated Executive Vice President and COO Colleen K. Conrad on being named alumna of the year at the Business School of Truman State University.

President Bishop and Executive Vice President Conrad summarized the following activities for the Board:

- Staff programs including: "Sunshine Days"; celebration of diversity and Black History Month with speaker Henry Hicks III reporting on activities in Nashville; contributions to local community charities; and support of staff members Cody Goodwin and Olaf Wasternack running in the Vol State 500 Race for charity.

- The 2015 Executive Directors conference was very informative and brought together CEOs from the State CPA Societies with State Board Executive Directors for the first joint meeting in approximately 20 years.

- NASBA facilities update to start build out in October 2015 with projected completion by Spring 2016.

- Meetings with representatives of the AICPA, South African Institute of Chartered Accountants, Chinese Academic Summit, Financial Accounting Foundation, FASAC, Ph.D. Project, and The Accountants Coalition.

- Boards reaching out to NASBA for support with resources, training, experts, etc. Open communication between NASBA and State Boards continues to be strong.

- The California Board is assessing what other State Boards are doing in the enforcement area, in order to enable California to continue offering interstate mobility. NASBA has offered to help with those evaluations and to provide monitoring as well as resources where enforcement is found to be less robust.

- Over 2,000 bills have been followed by Director of Governmental and Legislative Affairs John Johnson during the recent legislative sessions. President Bishop asked the Board members to alert Mr. Johnson if they become aware of something new being introduced in their state.

- NIES has experienced over 35 percent growth in volume this year, with 51 jurisdictions now using its evaluations, some accepting NIES as their sole provider of international evaluations.

- Michigan is moving forward to become the next jurisdiction to join ALD and CPAVerify.

- The practice analysis is proceeding and specific recommendations will be reported on at the Regional Meetings. Several changes to the test administration model are also being contemplated, including an expansion of the testing windows and changes in retest policies. Such changes will be discussed at length with the State Boards as test administration is the purview of the State Boards. Any possible statute or rule changes will be discussed with applicable Boards.

- Business requirements information gathering for the request for proposal for the rewrite of the National Candidate Database is almost completed.

- A report from the Department on Labor on the quality of employee benefit plan audits is anticipated to be released soon. Ms. Conrad and NASBA legal counsel Maria Caldwell met with the DOL and the DOL recognizes the State Boards have not been receiving most referrals on substandard audits and that will be improved. NASBA has been working with the AICPA on developing communications to respond to the DOL's report.

- The Center for the Public Trust has received increased contributions this year. In addition, it has worked out arrangements with Kroger and Amazon which result in contributions to the CPT based upon purchases made by CPT supporters. Twenty-five student chapters of the CPT have been opened.

- A video for the Wyoming Board is being developed by NASBA and other Boards are also interested in having NASBA produce newsletters and videos for them. A link has been placed on the NASBA website to show Boards how easy it is to work with the NASBA Communications Group.

- Registration is open for the July 10 Peer Review Oversight Committee Summit, to be held in Nashville. State society representatives have been invited to attend as well as Board members.

#### 7. Nominating Committee Report

Nominating Committee Chair Carlos Johnson reported the committee will meet on April 30 to select a candidate for NASBA Vice Chair. They will meet again on June 26 to select their nominees for the other open Board positions.

#### 8. Education Committee Report

The Education Committee met on April 20 to review the accounting education research grant proposals. Thirteen proposals had been received, Committee Chair Robert Cochran reported. The Committee recommended the following grants be approved, totaling \$18,100 in monetary support and \$7,500 in-kind support in terms of data:

- (1) "Best Practices for Preparing International Students for the Uniform CPA Examination" – Jennifer Wright, Hubert D. Glover and Yue Li – all from Drexel University;
- (2) "Causal Effect of Changes in Business School Accreditation on CPA Exam Success Rates – Pamela Baker and Robert Maurer from Texas Woman's University.

The Board approved the Committee's recommendations.

#### 9. A&F Committee Report

Administration and Finance Committee Chair Smoll reported that the Investment Committee, a subcommittee of A&F, had met on April 22, 2015 to review the first quarter performance of the two investment advisers. Treasurer Smoll reported that performance had been good in absolute terms and relevant to the composite benchmark for the quarter. In

addition, this quarterly meeting was the annual review of the Investment Policy. Mr. Smoll asked for the Board's input on changing the asset allocation for the long-term fund, as contained in the investment policy statement, in light of the prior year's move of approximately half the portfolio to U.S. Treasuries, Federal Agency obligations, investment grade corporate securities and certificates of deposit. After hearing from the Board, Mr. Smoll indicated that the Investment Committee would present alternatives for change recommendations at the July Board meeting.

CFO and Senior Vice President Michael Bryant reviewed NASBA's financial results as of February 28, 2015 and the projected fiscal year financial results. The actual results and the expectations for the remainder of the year indicate that fiscal 2015 will end with a positive variance to the Board-approved budget. In addition, Mr. Bryant provided an update on the renovation of the Nashville offices.

Treasurer Smoll called for a motion to approve the financial report as presented. Mr. Parsons moved to approve and Mr. Reisig seconded. It was unanimously approved.

NASBA Chief Information Security Officer Roy Hall will attend the Board's July meeting to discuss what NASBA is doing to ensure data security, Mr. Bryant stated.

#### 10. CPE Committee Report

John Dailey, past chair of the CPE Committee, directed the Board's attention to the executive summary of the changes to the *Standards for Continuing Professional Education Courses* recommended by the CPE Committee, which if approved would ultimately replace the current appendix to the Uniform Accountancy Act. Among the key points in the revision are provisions for nano learning and blended learning, changes for word count calculations and requirements for live course presenters. The AICPA Board of Directors is to also meet on April 24 to vote on exposing the revised standards. Mr. Dailey made a motion to approve the revised CPE Standards for exposure for comment until October 1, 2015, which was seconded by Mr. Lodden. All approved.

#### 11. Executive Directors Committee Report

Committee Chair Friedewald reported this year's Executive Directors Conference had run Tuesday through Thursday with sessions lasting 15-30 minutes, rather than an hour. Also for the first time in 20 years State Society CEOs were invited to attend the conference. The sessions were designed to build cooperation among the State Boards and the Societies, Mr. Friedewald said. A record number of State Board Executive Directors attended. A concurrent conference was held with State Board legal counsel and investigators. He reported the conferences were well received. The Executive Directors Committee will meet after the Eastern Regional Meeting to plan the 2016 conference.

#### 12. Bylaws Committee Report

Bylaws Committee Chair Jolicoeur reported the committee had held four conference calls, with Chair Davenport and Vice Chair Burkett sitting in. A face-to-face committee meeting

will be held in May. Final Bylaws recommendations will be presented at the July Board meeting. Mr. Jolicoeur described some of the Bylaws under consideration including procedures for ties in voting for Nominating Committee members, requirements for serving on the Board of Directors and NASBA Board members' terms of office.

President Bishop noted the Nominating Process Task Force had recommended there be a significant number of the members of the NASBA Board of Directors currently serving on a Board of Accountancy. Members of the Task Force included Kathy Allen (NY) chair, with Jim Abbott (ND), Bobby Creech (SC), Andy DuBoff (NJ), Maggie Houston (OH), Sharon Jensen (MN) and Michele Stomp (NE). The Task Force had recommended the Nominating Committee become more proactive in identifying qualified candidates.

Chair Davenport said the Bylaws discussion will be given 90 minutes at the July Board meeting. He suggested Board members share their suggestions with Mr. Jolicoeur.

### 13. Uniform Accountancy Act Committee Report

UAA Committee Chair Baker praised the NASBA UAA Committee for their eagerness to work on their task forces' charges, including: the impact of SSARS 21 on the UAA, CPE Model Rules, international recognition, and services that can be performed by inactive and/or retired CPAs. The task force members will be gathering the opinions of State Board members at the 2015 Regional Meetings, particularly on inactive/retired CPAs. Mr. Reisig asked if a white paper on how states are providing for inactive/retired CPAs should be assembled. Mr. Baker reported Mr. Allen had provided the committee with summary information on all the states' inactive provisions.

### 14. Legislative Support Committee Report

Legislative Committee Chair Barrera reported 47 people had signed up to be part of the Key Person Contact Program. NASBA Director of Governmental and Legislative Affairs John Johnson has been busy working with the Committee facilitating their strategy discussions. Mr. Barrera encouraged those who know people who could influence the legislative process to sign up for the Key Person Contact Program. The link for signing up is on [www.nasba.org](http://www.nasba.org).

### 15. Regulatory Response Committee Report

Regulatory Response Committee Chair Fritz informed the Board that several comment letters are under development. He invited the Regional Directors to participate in the May 7 RRC call discussing NASBA's response to the Financial Accounting Foundation's call for comments on the performance of the Private Company Council. The Committee is also working with the Compliance Assurance Committee to respond to the AICPA's paper on enhancing the peer review process, due May 15.

Mr. Fritz reported he had consulted with Ethics Committee Chair Ray Johnson on the NASBA letter developed by the RRC with the Ethics Committee on the AICPA's Professional Ethics Executive Committee's proposed interpretation on firm mergers and acquisitions. Both



the Ethics Committee and the RRC had concluded in some situations no safeguards could be put in place to overcome a threat to independence, which differed from the proposed interpretation. It was noted that this proposal had been developed prior to additional State Board representatives being appointed to PEEC. President Bishop commended Mr. Fritz for conferring with the NASBA members of PEEC when the comment letter was being developed.

#### 16. Relations with Member Boards Committee Report

Committee Chair Dailey reported (via phone) that preparations for the Regional Meetings are going smoothly. During their meeting on April 23 the Committee had exchanged information from the conference calls held by the Regional Directors with their Regions. They also discussed locations for future Regional Meetings.

#### 17. International Qualifications Appraisal Board Report

IQAB Chair Lodden reported a draft framework for the creation of a unilateral pathway for non-US professionals to gain recognition as U.S. CPAs is under discussion by IQAB. This process is being considered for public protection, as well as to assist with the globalization of the profession. It is hoped that if recognition is granted in the U.S., then other countries will offer similar pathways to licensure for U.S. CPAs. Legal counsel is being consulted on the development of this pathway to ensure it is fair and defensible. Those credentials of most interest to the Boards and U.S. firms would be studied first to determine if they are substantially equivalent to the CPA, with NASBA evaluating the education component, AICPA evaluating the final examination requirement, and IQAB evaluating the overall requirements. Initially experienced non-US professionals who have audit rights in their home country and who are in good standing with their regulator would be considered for this pathway. Mr. Lodden will present the new pathway concept at the NASBA Regional Meetings to determine the Boards' support for this effort.

Mr. Lodden was asked if the mutual recognition agreements presently in place would continue and he assured the Board they would.

#### 18. Education Efforts

Past Chair Johnson reported he and Education Committee staff liaisons Alfonzo Alexander and James Suh have been discussing the school accreditation process with representatives of the AACSB. A meeting with the accrediting bodies is being planned, which the AICPA has agreed to co-sponsor. As more new types of learning are introduced, accreditation of courses will be taking on added significance, he explained. Some State Boards' executive directors have told him they would not accept certain courses. Dr. Johnson said he will present a report on accreditation at the July Board meeting.

#### 19. Policy Discussion

Executive Vice President Conrad summarized her discussions with representatives of the Department of Labor as related to their referrals to the State Boards and the AICPA of CPA firms that performed substandard audits of employee benefit plans. A report from the DOL is expected to be issued in the coming weeks. Meetings with the AICPA on this topic have also been ongoing.

20. Upcoming Meetings

Chair Davenport reported the next NASBA Board meeting will be held on July 17 in Seattle. The Western Regional Meeting will be held June 17-19 in Coronado, CA, and the Eastern Regional Meeting will be held June 24-26 in Baltimore, MD. He reminded the Board the Peer Review Oversight Committee Summit will be held July 10 in Nashville.

21. Adjournment

The meeting was adjourned at 4:00 p.m.

## **NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.**

### **Highlights of the Board of Directors Meeting**

**July 17, 2015 – Seattle, WA**

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, July 17, 2015 at the Hyatt Olive 8 in Seattle, Washington, the Board took the following actions:

- Approved the Awards Committee's recommendations: Samuel K. Cotterell (ID) will be the recipient of the 2015 William H. Van Rensselaer Public Service Award; Kenneth R. Odom (AL) will be the recipient of the 2015 NASBA Distinguished Service Award; and Daniel Sweetwood (NE) will be the recipient of the 2015 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2015 Annual Business Meeting in October.
- Accepted the slate of NASBA 2015-2016 officers and directors selected by the Nominating Committee as presented by Nominating Committee Chair Carlos E. Johnson (OK). The election of officers and directors will be held at the Annual Business Meeting.
- Reviewed and approved for distribution to the member Boards the proposed Bylaws changes, as presented by Bylaws Committee Chair Edwin G. Jolicoeur (WA). The changes will be voted on at the Annual Business Meeting.
- Approved the FY 2016 operating budgets for NASBA, CPT and Aequo, and the capital operating budget for NASBA as presented by Administration and Finance Committee Chair E. Kent Smoll (KS). The Board also approved an exception to the investment policy in order to provide time for the Administration and Finance Committee to revise the asset allocation target mix in the investment policy to accommodate the Board's intent to move to a 50 percent fixed income portfolio.
- Received a summary from Past Chair E. Carlos Johnson of the recommendations of NASBA's Leadership Development Task Force on raising awareness of Boards of Accountancy.
- Authorized President and CEO Ken L. Bishop to act upon the suggestions of the Leadership Development Task Force for increasing NASBA's relevance through enhancing the skills of its representatives. President Bishop said NASBA spent \$7.7 million on services to Boards of Accountancy last year, \$8.7 million this year, and for next year projects spending \$9.7 million on such services.
- Heard from NASBA Chair Walter C. Davenport (NC) that 50 jurisdictions had been represented at the 2015 Regional Meetings held in June. Chair Davenport commended the Regional Directors for the topics and discussions at the Regional Meetings. In addition, 66

student leaders were in attendance at the Center for the Public Trust's conference, held in conjunction with the Eastern Regional Meeting in Baltimore.

- Were updated by NASBA Executive Vice President and Chief Operating Officer Colleen K. Conrad on the progress of the Board of Examiners' Practice Analysis. She underscored the test administration decisions that the Boards will need to consider for the new examination.
- Heard an overview from NASBA Chief Information Security Officer Roy Hall of the steps NASBA is taking to ensure the security of its data. He addressed the Board upon the request of Audit Committee Chair Rick Isserman (NY). Senior Vice President and Chief Financial Officer Michael R. Bryant reported the Audit Committee had held an audit planning meeting in May with representatives of Lattimore Black Morgan & Cain, P.C., NASBA's independent auditors.
- Received a report from Compliance Assurance Committee Chair Janice L. Gray (OK) on the Peer Review Oversight Committee Summit, held on in Nashville on July 10, 2015, which was attended by representatives from 30 states. Ms. Gray said the goal is to have effective Peer Review Oversight Committees operating in all jurisdictions.
- Learned from Executive Vice President Conrad that State Board executives are being asked to identify individuals who should be listed as State Board contacts to receive referrals and complaints from federal agencies, other regulators and professional organizations.

The next meeting of the NASBA Board of Directors will be held on October 23, 2015 in Dana Point, California.

**Distribution:**

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

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.**

**MEMORANDUM**

July 30, 2015

**To:** State Board Chairs, Presidents, Board Members and Executive Directors  
**From:** John F. Dailey, Jr. - Chair, Committee on Relations with Member Boards  
**Re:** Focus Questions

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As Chair of the Committee on Relations with Member Boards, I want to thank all who made our 2015 Regional Meetings such a great success and hope you are making plans to join us for NASBA's 108<sup>th</sup> Annual Meeting, October 26-28, 2015, in Dana Point, California. We would like all Boards represented at the Annual Meeting and scholarships are available for voting delegates of Boards that need assistance. Please contact Thomas Kenny ([tkenny@nasba.org](mailto:tkenny@nasba.org)) for scholarship details.

We thank you for your helpful responses to our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its member boards. We are looking for your Board's responses to the following questions by Monday, October 5, 2015.

Please do not hesitate to call your Regional Director to discuss these questions or any other issues you feel NASBA should consider. We look forward to hearing from you.

Sincerely,

*Jack Dailey*

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**Great Lakes Director** – W. Michael Fritz Phone: 614-229-4806 [wfritz@deloitte.com](mailto:wfritz@deloitte.com)

*Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin*

**Middle Atlantic Director** – Robert J. Cochran Phone: 804-370-0626 [cochranrj@longwood.edu](mailto:cochranrj@longwood.edu)

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*Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands*

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*Arkansas, Louisiana, New Mexico, Oklahoma, Texas*

## REGIONAL DIRECTORS' FOCUS QUESTIONS

*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. We encourage you to place the following questions early on the agenda of your next Board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by October 5, 2015. Use additional sheets for your responses if needed.*

**JURISDICTION** \_\_\_\_\_ **DATE** \_\_\_\_\_  
**NAME OF PERSON SUBMITTING FORM** \_\_\_\_\_

**1. Boards have received questionnaires from the AICPA Professional Ethics Executive Committee related to how closely the state's Code of Conduct relates to the AICPA's. This is part of a joint NASBA/AICPA effort to arrive at a uniform Code of Conduct throughout the U.S. by focusing on differences and reaching interpretations acceptable to all. Does your Code presently differ from the AICPA's in any significant way and, if so, in what way?**

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**2. Has your Board discussed the U.S. Supreme Court's February 25, 2015 decision in *Federal Trade Commission v. North Carolina State Board of Dental Examiners*? (See Article)**

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**3. NASBA's Regional Directors have expressed concern over the length of time it takes to remove substandard firms from practice. How quickly and under what circumstances does your Board become aware of a firm in your state having failed or passed with deficiencies its peer review? Does your Board monitor remediation measures prescribed and how effective they have been in improving the firm's practice?**

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

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

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

- ☐ Input only from Board Chair
- ☐ 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):

7/30/15

## State regulatory boards in Oklahoma warrant greater scrutiny

By The Oklahoman Editorial Board | July 15, 2015

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THERE'S a fine line between ensuring government regulators have credible expertise and allowing industry players to use government to thwart competition. Attorney General Scott Pruitt warns that many Oklahoma regulatory boards could be accused of engaging in the latter.

In a letter, Pruitt says hundreds of Oklahoma boards and commissions are at risk of being sued under federal antitrust laws because the boards are dominated by members of the professions they regulate. Those boards “present the risk or appearance of protecting private monetary interests rather than advancing sound public policy because they are controlled by active market participants,” Pruitt says, which leaves the boards and commissions “open to antitrust liability.”

*(Story continued below...)*



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That warning follows a U.S. Supreme Court decision regarding state dentistry regulation in North Carolina. That state's Board of Dental Examiners had issued at least 47 cease-and-desist letters to nondentist providers of teeth-whitening services. Yet North Carolina's Dental Practice Act *does not* regulate teeth whitening.

Notably, six of the board's eight members were practicing dentists. Dentists had charged significantly higher fees for teeth whitening before nondentist competitors emerged. The board's actions, by reducing the number of providers, therefore increased profit margins for dentists — potentially including members of the regulatory board.

The Supreme Court ruled that the board didn't have immunity from antitrust lawsuits since it was dominated by industry players, there was no clearly articulated state law allowing regulation of teeth whitening, and there was no active state supervision of the board.

Many boards in Oklahoma are dominated by industry players. Pruitt singled out as examples the Board of Pharmacy, the Real Estate Commission, the Funeral Board, the



## Board of Cosmetology and Barbering, the Abstractors Board and the Board of Accountancy.

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To reduce lawsuit threats, Pruitt suggested the boards' memberships could be altered so a majority of members are state officials or members of the public at large. Or, Pruitt said, a new executive branch entity could be established to "actively" supervise boards and commissions. Pruitt's suggestions should be carefully weighed. We agree that having industry participants serve on regulatory boards can be beneficial. Those individuals understand their professions and have insights laymen do not, which can result in better-devised regulation.

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