

**Meeting Agenda**  
**SOUTH DAKOTA BOARD OF ACCOUNTANCY**  
 Board Office – Conference Room  
 301 E. 14<sup>th</sup> St., Suite 200 Sioux Falls  
 August 14, 2019, 8:30 a.m. (CDT)

A=Action  
 D=Discussion  
 I=Information

A. Call to Order.....	Budahl
B. Public Comment.....	Oratory
C. A-Nominating Committee.....	Oratory
D. A-Approval of Minutes of Meeting July 10, 2019.....	2-3
E. A-Approval of Certificates & Firm Permits.....	4-5
F. A-Approval of Financial Statements through July 2019.....	6-14
G. A-Report to Board on NASBA Annual Meeting .....	15
H. A-FY21 Proposed Budget.....	16-17
I. D-Executive Director's Report.....	18
J. D-1:30 SD CPA Society.....	19

**AICPA**

K. D-Board of Examiners Meeting Highlights May 29-31, 2019.....	20-23
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**NASBA**

L. D-Board of Directors Meeting Minutes April 26, 2019.....	24-32
M. D-Board of Directors Meeting Highlights July 26, 2019.....	33-34
N. D-Proposed Bylaws Amendment.....	35
O. A-Quarterly Focus Questions.....	36-37

**EXECUTIVE SESSION**

P. Equivalent Reviews and follow-ups for Board Approval.....	Spt. Pkt.
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**FUTURE MEETING DATES (all times CT)**

- Q. Meeting Dates  
 September 19 – 9:00 Conference call  
 October 23 – 9:00 Conference call
- R. Adjournment

**Meeting Minutes**  
**SOUTH DAKOTA BOARD OF ACCOUNTANCY**  
Conference Call  
July 10, 2019 9:00 a.m. CT

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

**Members Present:** Jay Tolsma, Marty Guindon, David Pummel, Jeff Smith, Jeff Strand, and Deidre Budahl.

**Others Present:** Nicole Kasin, Executive Director, Carey Johnson, Secretary, and Graham Oey, Staff Attorney.

Chair Budahl asked if there were any additions to the agenda:

Addition to Certificates

Report to Board on Grades

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

The chair opened the floor for public comment. No comments were received.

Jeff Strand made a motion to approve the July 10, 2019 meeting minutes. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma-yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

David Pummel made a motion to approve the issuance of individual certificates through July 8, 2019. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

David Pummel made a motion to approve the financial statements through June 2019. Jeff Smith seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

The Board reviewed the report on the CPA exam grades for the 61st Window.

Jeff Strand made a motion to ratify the CPA exam scores for the 61st window through June 2019. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

Executive Director Kasin discussed her report on renewals for individuals and firms and a recap on the NASBA Regional Meeting.

Marty Guindon made a motion to enter executive session for the deliberative process for peer reviews, follow-ups and review of the agreed upon procedures engagement proposals. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

The Board came out of executive session.

Jeff Strand made a motion to accept the peer reviews and follow-ups as discussed in executive

session. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

David Pummel made a motion to accept the bid from Schechter Dokken Kanter Andrews & Selcer Ltd., for the agreed upon procedures engagement. Jeff Smith seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma-yea; Guindon-yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

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

August 14, 2019 - 8:30 a.m. Board office, Sioux Falls

September 19, 2019 - 9:00 a.m. Conference Call

October 23, 2019 - 9:00 a.m. Conference Call

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

All business having come before the board was concluded and Chair Deidre Budahl adjourned the meeting at 10:29 a.m.

\_\_\_\_\_  
Deidre Budahl, CPA, Chair

Attest: \_\_\_\_\_  
Nicole Kasin, Executive Director

\_\_\_\_\_  
Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES  
BOARD COPY**

**Issued Through August 8, 2019**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Location</b>
3441	Kaylee Rae Babcock	07/25/2019	Aberdeen, SD
3442	Lauren Christine Thompson	07/26/2019	Sioux Falls, SD

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

**Issued Through  
August 8, 2019**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Basis/Comments</b>
1735	Cosand Consulting, LLC Sioux Falls, SD	07/22/19	New Firm

STATE OF SOUTH DAKOTA  
CASH CENTER BALANCES  
AS OF: 07/31/2019

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	510,758.23	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			510,758.23	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			510,758.23	DR **	
BUDGET UNIT TOTAL 1031			510,758.23	DR ***	

+ 17,972.20 deposit 7/10/19  
528,730.43

AGENCY BUDGET CENTER-5	UNIT 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503 PROFESSIONAL & LICENSING BOARDS													
6503	1031000061802	51010100			CSEX190626	07/01/2019						2,681.43	DR
6503	1031000061802	51010100			CSEX190711	07/17/2019						2,751.30	DR
OBSUB: 5101010 F-T EMP SAL & WAGES													
6503	1031000061802	51010200			CSEX190626	07/01/2019						5,432.73	DR
6503	1031000061802	51010200			CSEX190711	07/17/2019						1,437.10	DR
OBSUB: 5101020 P-T/TEMP EMP SAL & WAGES													
6503	1031000061802	51010300			CSEX190626	07/01/2019						3,181.32	DR
OBSUB: 5101030 BOARD & COMM MBRS FEES													
6503	1031000061802	51020100			CSEX190626	07/01/2019						9,394.05	DR
6503	1031000061802	51020100			CSEX190711	07/17/2019						338.35	DR
OBSUB: 5102010 OASI-EMPLOYER'S SHARE													
6503	1031000061802	51020200			CSEX190626	07/01/2019						645.59	DR
6503	1031000061802	51020200			CSEX190711	07/17/2019						236.52	DR
OBSUB: 5102020 RETIREMENT-ER SHARE													
6503	1031000061802	51020600			CSEX190626	07/01/2019						479.54	DR
6503	1031000061802	51020600			CSEX190711	07/17/2019						869.46	DR
OBSUB: 5102060 HEALTH/LIFE INS.-ER SHARE													
6503	1031000061802	51020800			CSEX190626	07/01/2019						1,748.41	DR
6503	1031000061802	51020800			CSEX190711	07/17/2019						5.37	DR
OBSUB: 5102080 WORKER'S COMPENSATION													
6503	1031000061802	51020900			CSEX190626	07/01/2019						1.83	DR
6503	1031000061802	51020900			CSEX190711	07/17/2019						1.96	DR
OBSUB: 5102090 UNEMPLOYMENT COMPENSATION													
6503	1031000061802	52030100			MP906052	07/24/2019						3.79	DR
OBSUB: 5203010 AUTO-STATE OWNED-IN STATE													
6503	1031000061802	52032300			CSEX190718	07/19/2019						2,888.54	DR
6503	1031000061802	52032300			CSEX190718	07/19/2019						12,282.59	DR
OBSUB: 5203230 AUTO-PRIV. (OUT-STATE) H/R													
6503	1031000061802	52032600			CSEX190718	07/19/2019						47.79	DR
6503	1031000061802	52032600			CSEX190718	07/19/2019						61.32	DR
6503	1031000061802	52032600			CSEX190718	07/19/2019						50.40	DR
OBSUB: 5203260 AUTO-PRIV. (OUT-STATE) H/R													
6503	1031000061802	52033600			CSEX190718	07/19/2019						111.72	DR
6503	1031000061802	52033600			CSEX190718	07/19/2019						696.00	DR
6503	1031000061802	52033600			CSEX190718	07/19/2019						644.00	DR
6503	1031000061802	52033600			CSEX190718	07/19/2019						556.60	DR
6503	1031000061802	52033600			CSEX190718	07/19/2019						556.60	DR

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 07/31/2019

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
AIR-COMM-OUT-OF-STATE										
6503	1031000061802	520332800	CGEX190718	07/19/2019	102965A				2,453.20	DR *
6503	1031000061802	520332800	CGEX190718	07/19/2019	102973				50.00	DR
6503	1031000061802	520332800	CGEX190718	07/19/2019	102961				27.29	DR
6503	1031000061802	520332800	CGEX190718	07/19/2019	102965				24.83	DR
6503	1031000061802	520332800	CGEX190718	07/19/2019	102965				24.01	DR
OTHER-PUBLIC-OUT-OF-STATE										
6503	1031000061802	520333000	CGEX190718	07/19/2019	102973				126.13	DR *
6503	1031000061802	520333000	CGEX190718	07/19/2019	102965A				1,224.72	DR
6503	1031000061802	520333000	CGEX190718	07/19/2019	102961				918.54	DR
6503	1031000061802	520333000	CGEX190718	07/19/2019	102965				918.54	DR
LODGING/OUT-OF-STATE										
6503	1031000061802	520333200	CGEX190718	07/19/2019	102973				3,980.34	DR *
6503	1031000061802	520333200	CGEX190718	07/19/2019	102961				110.00	DR
6503	1031000061802	520333200	CGEX190718	07/19/2019	102965A				60.00	DR
6503	1031000061802	520333200	CGEX190718	07/19/2019	102965				32.00	DR
6503	1031000061802	520333200	CGEX190718	07/19/2019	102965				28.00	DR
INCIDENTALS-OUT-OF-STATE										
6503	1031000061802	520333500	CGEX190718	07/19/2019	102973				230.00	DR *
6503	1031000061802	520333500	CGEX190718	07/19/2019	102965A				135.00	DR
6503	1031000061802	520333500	CGEX190718	07/19/2019	102965				101.00	DR
6503	1031000061802	520333500	CGEX190718	07/19/2019	102961				80.00	DR
6503	1031000061802	520333500	CGEX190718	07/19/2019	102965				80.00	DR
NON-TAXABLE MEALS/OUT-ST TRAVEL										
6503	1031000061802	52041800	DP906096	07/24/2019					396.00	DR *
6503	1031000061802	52041800	DP906096	07/24/2019					7,345.18	DR **
6503	1031000061802	52041810	DP906096	07/24/2019					469.80	DR
COMPUTER SERVICES-STATE										
6503	1031000061802	52041810	DP906096	07/24/2019					469.80	DR *
BIT DEVELOPMENT COSTS										
6503	1031000061802	52042000	FM906072	07/19/2019					190.63	DR *
6503	1031000061802	52042000	PL906054	07/17/2019					1,187.93	DR
6503	1031000061802	52042000	PL906054	07/17/2019					373.46	DR
6503	1031000061802	52042000	PL906054	07/17/2019					186.73	DR
6503	1031000061802	52042000	PM906044	07/19/2019					373.46	CR
6503	1031000061802	52042000	PP906044	07/19/2019					17.80	DR
6503	1031000061802	52042000	RM906048	07/19/2019					16.74	DR
6503	1031000061802	52042000	RM906048	07/10/2019					83.82	DR
6503	1031000061802	52042000	RM906048	07/10/2019					83.82	DR
6503	1031000061802	52042000	RM906048	07/10/2019					83.82	CR
CENTRAL SERVICES										
6503	1031000061802	52042200	IN632890	07/26/2019	02301978	ABBUSINESS	12036980		1,493.02	DR *
6503	1031000061802	52042300	20106 JUL	08/02/2019	00594036	SUNSETOFFI	12043890		85.18	DR *
6503	1031000061802	52042300	20106 JUL-JUN 20	08/02/2019	117926	SUNSETOFFI	12043890		139.65	DR
6503	1031000061802	52042300	20106 JUL-JUN 20	08/02/2019	117926	SUNSETOFFI	12043890		139.67	DR





**South Dakota Board of Accountancy**  
**Balance Sheet**  
As of July 31, 2019

	Jul 31, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1130000 · Local Checking - Great Western	25,889.51
1140000 · Pool Cash State of SD	528,730.43
<b>Total Checking/Savings</b>	554,619.94
<b>Other Current Assets</b>	
1131000 · Interest Income Receivable	-546.47
1213000 · Investment Income Receivable	1,885.43
<b>Total Other Current Assets</b>	1,338.96
<b>Total Current Assets</b>	555,958.90
<b>Fixed Assets</b>	
1670000 · Computer Software	
Original Cost	34,075.00
1770000 · Depreciation	-7,099.18
<b>Total 1670000 · Computer Software</b>	26,975.82
<b>Total Fixed Assets</b>	26,975.82
<b>TOTAL ASSETS</b>	<b>582,934.72</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110000 · Accounts Payable	8,587.78
<b>Total Accounts Payable</b>	8,587.78
<b>Other Current Liabilities</b>	
2430000 · Accrued Wages Payable	8,528.17
2810000 · Amounts Held for Others	28,178.23
<b>Total Other Current Liabilities</b>	36,706.40
<b>Total Current Liabilities</b>	45,294.18
<b>Long Term Liabilities</b>	
2960000 · Compensated Absences Payable	21,155.20
<b>Total Long Term Liabilities</b>	21,155.20
<b>Total Liabilities</b>	66,449.38
<b>Equity</b>	
3220000 · Net Position	290,848.92
3300100 · Invested In Capital Assets	26,976.10
3900 · Retained Earnings	58,062.22
Net Income	140,598.10
<b>Total Equity</b>	516,485.34
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>582,934.72</b>

# South Dakota Board of Accountancy

## Profit & Loss Budget vs. Actual

### July 2019

	Jul 19	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	3,285.00	2,500.00	785.00	131.4%
4293551 · Certificate Renewals-Active	48,850.00	62,500.00	-13,650.00	78.2%
4293552 · Certificate Renewals-Inactive	13,700.00	21,000.00	-7,300.00	65.2%
4293553 · Certificate Renewals-Retired	690.00	1,400.00	-710.00	49.3%
4293554 · Initial Firm Permits	50.00	700.00	-650.00	7.1%
4293555 · Firm Permit Renewals	6,650.00	14,500.00	-7,850.00	45.9%
4293557 · Initial Audit	30.00	900.00	-870.00	3.3%
4293558 · Re-Exam Audit	210.00	2,460.00	-2,250.00	8.5%
4293561 · Late Fees-Certificate Renewals	150.00	3,000.00	-2,850.00	5.0%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	0.00	500.00	-500.00	0.0%
4293564 · Late Fees-Peer Review	100.00	1,300.00	-1,200.00	7.7%
4293566 · Firm Permit Owners	81,750.00	109,000.00	-27,250.00	75.0%
4293567 · Peer Review Admin Fee	75.00	5,500.00	-5,425.00	1.4%
4293568 · Firm Permit Name Change	75.00	100.00	-25.00	75.0%
4293569 · Initial FAR	90.00	1,140.00	-1,050.00	7.9%
4293570 · Initial REG	30.00	660.00	-630.00	4.5%
4293571 · Initial BEC	60.00	930.00	-870.00	6.5%
4293572 · Re-Exam FAR	150.00	1,860.00	-1,710.00	8.1%
4293573 · Re-Exam REG	300.00	2,310.00	-2,010.00	13.0%
4293574 · Re-Exam BEC	240.00	2,310.00	-2,070.00	10.4%
4491000 · Interest and Dividend Revenue	0.00	5,000.00	-5,000.00	0.0%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
4950000 · Prior Period Refund Account	0.00	0.00	0.00	0.0%
<b>Total Income</b>	<b>156,485.00</b>	<b>240,570.00</b>	<b>-84,085.00</b>	<b>65.0%</b>
<b>Gross Profit</b>	<b>156,485.00</b>	<b>240,570.00</b>	<b>-84,085.00</b>	<b>65.0%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	5,432.73	82,258.00	-76,825.27	6.6%
5101020 · P-T/Temp Emp Sal & Wages	3,181.32	43,000.00	-39,818.68	7.4%
5101030 · Board & Comm Mbrs Fees	780.00	4,739.00	-3,959.00	16.5%
5102010 · OASI-Employer's Share	645.59	9,582.00	-8,936.41	6.7%
5102020 · Retirement-ER Share	479.54	7,515.00	-7,035.46	6.4%
5102060 · Health /Life Ins.-ER Share	1,748.41	8,470.00	-6,721.59	20.6%
5102080 · Worker's Compensation	11.21	213.00	-201.79	5.3%
5102090 · Unemployment Insurance	3.79	125.00	-121.21	3.0%
5203010 · Auto--State Owned	0.00	400.00	-400.00	0.0%
5203020 · Auto-Private-Ownes Low Mileage	0.00	400.00	-400.00	0.0%
5203030 · In State-Auto- Priv. High Miles	0.00	1,500.00	-1,500.00	0.0%
5203100 · In State-Lodging	0.00	1,000.00	-1,000.00	0.0%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	0.00	400.00	-400.00	0.0%
5203220 · OS-Auto Private Low Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	0.00	6,500.00	-6,500.00	0.0%
5203280 · OS-Other Public Carrier	0.00	700.00	-700.00	0.0%
5203300 · OS-Lodging	0.00	9,000.00	-9,000.00	0.0%
5203320 · OS-Incidentals to Travel	0.00	500.00	-500.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	1,000.00	-1,000.00	0.0%
5204010 · Subscriptions	0.00	1,000.00	-1,000.00	0.0%
5204020 · Dues and Membership Fees	0.00	3,900.00	-3,900.00	0.0%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,300.00	-7,300.00	0.0%
5204050 · Consultant Fees - Computer	0.00	15,000.00	-15,000.00	0.0%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	0.00	6,500.00	-6,500.00	0.0%
5204180 · Computer Services-State	0.00	5,000.00	-5,000.00	0.0%
5204181 · Computer Development Serv-State	0.00	2,000.00	-2,000.00	0.0%
5204200 · Central Services	1,493.02	9,000.00	-7,506.98	16.6%
5204220 · Equipment Service & Maintenance	6.18	300.00	-293.82	2.1%
5204230 · Janitorial/Maintenance Services	0.00	1,700.00	-1,700.00	0.0%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%

**South Dakota Board of Accountancy**  
**Profit & Loss Budget vs. Actual**  
**July 2019**

	Jul 19	Budget	\$ Over Budget	% of Budget
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%
5204460 · Equipment Rental	79.00	4,000.00	-3,921.00	2.0%
5204490 · Rents Privately Owned Property	0.00	16,235.10	-16,235.10	0.0%
5204510 · Rent-Other	0.00	500.00	-500.00	0.0%
5204530 · Telecommunications Services	152.66	4,500.00	-4,347.34	3.4%
5204540 · Electricity	74.08	865.00	-790.92	8.6%
5204560 · Water	0.00	240.00	-240.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	1,263.49	6,500.00	-5,236.51	19.4%
5204960 · Other Contractual Services	41.14	24,000.00	-23,958.86	0.2%
5205020 · Office Supplies	0.00	3,000.00	-3,000.00	0.0%
5205028 · OFFICE SUPPLIES-2	4.23	0.00	4.23	100.0%
5205310 · Printing State	0.00	250.00	-250.00	0.0%
5205320 · Printing/Duplicating/Binding Co	17.25	1,000.00	-982.75	1.7%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	0.00	2,000.00	-2,000.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	6,800.00	-6,800.00	0.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	0.00	6,000.00	-6,000.00	0.0%
5228030 · Depreciation Expense	473.26	5,679.12	-5,205.86	8.3%
<b>Total Expense</b>	<b>15,886.90</b>	<b>318,781.22</b>	<b>-302,894.32</b>	<b>5.0%</b>
<b>Net Ordinary Income</b>	<b>140,598.10</b>	<b>-78,211.22</b>	<b>218,809.32</b>	<b>-179.8%</b>
<b>Net Income</b>	<b>140,598.10</b>	<b>-78,211.22</b>	<b>218,809.32</b>	<b>-179.8%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
**July 2019**

	<u>Jul 19</u>	<u>Jul 18</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	3,285.00	150.00	3,135.00	2,090.0%
4293551 · Certificate Renewals-Active	48,850.00	35,550.00	13,300.00	37.4%
4293552 · Certificate Renewals-Inactive	13,700.00	12,200.00	1,500.00	12.3%
4293553 · Certificate Renewals-Retired	690.00	870.00	-180.00	-20.7%
4293554 · Initial Firm Permits	50.00	0.00	50.00	100.0%
4293555 · Firm Permit Renewals	6,650.00	8,200.00	-1,550.00	-18.9%
4293557 · Initial Audit	30.00	60.00	-30.00	-50.0%
4293558 · Re-Exam Audit	210.00	270.00	-60.00	-22.2%
4293561 · Late Fees-Certificate Renewals	150.00	100.00	50.00	50.0%
4293564 · Late Fees-Peer Review	100.00	250.00	-150.00	-60.0%
4293566 · Firm Permit Owners	81,750.00	64,815.00	16,935.00	26.1%
4293567 · Peer Review Admin Fee	75.00	225.00	-150.00	-66.7%
4293568 · Firm Permit Name Change	75.00	0.00	75.00	100.0%
4293569 · Initial FAR	90.00	120.00	-30.00	-25.0%
4293570 · Initial REG	30.00	90.00	-60.00	-66.7%
4293571 · Initial BEC	60.00	30.00	30.00	100.0%
4293572 · Re-Exam FAR	150.00	240.00	-90.00	-37.5%
4293573 · Re-Exam REG	300.00	300.00	0.00	0.0%
4293574 · Re-Exam BEC	240.00	300.00	-60.00	-20.0%
<b>Total Income</b>	<u>156,485.00</u>	<u>123,770.00</u>	<u>32,715.00</u>	<u>26.4%</u>
<b>Gross Profit</b>	156,485.00	123,770.00	32,715.00	26.4%
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	5,432.73	5,307.25	125.48	2.4%
5101020 · P-T/Temp Emp Sal & Wages	3,181.32	2,884.10	297.22	10.3%
5101030 · Board & Comm Mbrs Fees	780.00	600.00	180.00	30.0%
5102010 · OASI-Employer's Share	645.59	606.59	39.00	6.4%
5102020 · Retirement-ER Share	479.54	491.49	-11.95	-2.4%
5102060 · Health /Life Ins.-ER Share	1,748.41	1,511.63	236.78	15.7%
5102080 · Worker's Compensation	11.21	13.12	-1.91	-14.6%
5102090 · Unemployment Insurance	3.79	2.78	1.01	36.3%
5203030 · In State-Auto- Priv. High Miles	0.00	101.64	-101.64	-100.0%
5203260 · OS-Air Commercial Carrier	0.00	2,015.20	-2,015.20	-100.0%
5203280 · OS-Other Public Carrier	0.00	785.27	-785.27	-100.0%
5203300 · OS-Lodging	0.00	1,760.92	-1,760.92	-100.0%
5203320 · OS-Incidentals to Travel	0.00	339.00	-339.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	229.00	-229.00	-100.0%
5204050 · Consultant Fees - Computer	0.00	14,180.00	-14,180.00	-100.0%
5204180 · Computer Services-State	0.00	99.30	-99.30	-100.0%
5204200 · Central Services	1,493.02	1,282.73	210.29	16.4%
5204220 · Equipment Service & Maintenance	6.18	2.27	3.91	172.3%
5204230 · Janitorial/Maintenance Services	0.00	136.93	-136.93	-100.0%
5204460 · Equipment Rental	79.00	56.80	22.20	39.1%
5204490 · Rents Privately Owned Property	0.00	1,269.45	-1,269.45	-100.0%
5204530 · Telecommunications Services	152.66	555.31	-402.65	-72.5%
5204540 · Electricity	74.08	77.80	-3.72	-4.8%
5204740 · Bank Fees and Charges	1,263.49	700.66	562.83	80.3%
5204960 · Other Contractual Services	41.14	86.50	-45.36	-52.4%
5205028 · OFFICE SUPPLIES-2	4.23	0.00	4.23	100.0%
5205320 · Printing/Duplicating/Binding Co	17.25	58.65	-41.40	-70.6%
5228000 · Operating Transfers Out-NonBudg	0.00	575.85	-575.85	-100.0%
5228030 · Depreciation Expense	473.26	473.26	0.00	0.0%
<b>Total Expense</b>	<u>15,886.90</u>	<u>36,203.50</u>	<u>-20,316.60</u>	<u>-56.1%</u>
<b>Net Ordinary Income</b>	<u>140,598.10</u>	<u>87,566.50</u>	<u>53,031.60</u>	<u>60.6%</u>
<b>Net Income</b>	<u><u>140,598.10</u></u>	<u><u>87,566.50</u></u>	<u><u>53,031.60</u></u>	<u><u>60.6%</u></u>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
**July 2019**

	Jul 19	Jul 18	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	3,285.00	150.00	3,135.00	2,090.0%
4293551 · Certificate Renewals-Active	48,850.00	35,550.00	13,300.00	37.4%
4293552 · Certificate Renewals-Inactive	13,700.00	12,200.00	1,500.00	12.3%
4293553 · Certificate Renewals-Retired	690.00	870.00	-180.00	-20.7%
4293554 · Initial Firm Permits	50.00	0.00	50.00	100.0%
4293555 · Firm Permit Renewals	6,650.00	8,200.00	-1,550.00	-18.9%
4293557 · Initial Audit	30.00	60.00	-30.00	-50.0%
4293558 · Re-Exam Audit	210.00	270.00	-60.00	-22.2%
4293561 · Late Fees-Certificate Renewals	150.00	100.00	50.00	50.0%
4293564 · Late Fees-Peer Review	100.00	250.00	-150.00	-60.0%
4293566 · Firm Permit Owners	81,750.00	64,815.00	16,935.00	26.1%
4293567 · Peer Review Admin Fee	75.00	225.00	-150.00	-66.7%
4293568 · Firm Permit Name Change	75.00	0.00	75.00	100.0%
4293569 · Initial FAR	90.00	120.00	-30.00	-25.0%
4293570 · Initial REG	30.00	90.00	-60.00	-66.7%
4293571 · Initial BEC	60.00	30.00	30.00	100.0%
4293572 · Re-Exam FAR	150.00	240.00	-90.00	-37.5%
4293573 · Re-Exam REG	300.00	300.00	0.00	0.0%
4293574 · Re-Exam BEC	240.00	300.00	-60.00	-20.0%
<b>Total Income</b>	<b>156,485.00</b>	<b>123,770.00</b>	<b>32,715.00</b>	<b>26.4%</b>
<b>Gross Profit</b>	<b>156,485.00</b>	<b>123,770.00</b>	<b>32,715.00</b>	<b>26.4%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	5,432.73	5,307.25	125.48	2.4%
5101020 · P-T/Temp Emp Sal & Wages	3,181.32	2,884.10	297.22	10.3%
5101030 · Board & Comm Mbrs Fees	780.00	600.00	180.00	30.0%
5102010 · OASI-Employer's Share	645.59	606.59	39.00	6.4%
5102020 · Retirement-ER Share	479.54	491.49	-11.95	-2.4%
5102060 · Health /Life Ins.-ER Share	1,748.41	1,511.63	236.78	15.7%
5102080 · Worker's Compensation	11.21	13.12	-1.91	-14.6%
5102090 · Unemployment Insurance	3.79	2.78	1.01	36.3%
5203030 · In State-Auto- Priv. High Miles	0.00	101.64	-101.64	-100.0%
5203260 · OS-Air Commercial Carrier	0.00	2,015.20	-2,015.20	-100.0%
5203280 · OS-Other Public Carrier	0.00	785.27	-785.27	-100.0%
5203300 · OS-Lodging	0.00	1,760.92	-1,760.92	-100.0%
5203320 · OS-Incidentals to Travel	0.00	339.00	-339.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	229.00	-229.00	-100.0%
5204050 · Consultant Fees - Computer	0.00	14,180.00	-14,180.00	-100.0%
5204180 · Computer Services-State	0.00	99.30	-99.30	-100.0%
5204200 · Central Services	1,493.02	1,282.73	210.29	16.4%
5204220 · Equipment Service & Maintenance	6.18	2.27	3.91	172.3%
5204230 · Janitorial/Maintenance Services	0.00	136.93	-136.93	-100.0%
5204460 · Equipment Rental	79.00	56.80	22.20	39.1%
5204490 · Rents Privately Owned Property	0.00	1,269.45	-1,269.45	-100.0%
5204530 · Telecommunications Services	152.66	555.31	-402.65	-72.5%
5204540 · Electricity	74.08	77.80	-3.72	-4.8%
5204740 · Bank Fees and Charges	1,263.49	700.66	562.83	80.3%
5204960 · Other Contractual Services	41.14	86.50	-45.36	-52.4%
5205028 · OFFICE SUPPLIES-2	4.23	0.00	4.23	100.0%
5205320 · Printing/Duplicating/Binding Co	17.25	58.65	-41.40	-70.6%
5228000 · Operating Transfers Out-NonBudg	0.00	575.85	-575.85	-100.0%
5228030 · Depreciation Expense	473.26	473.26	0.00	0.0%
<b>Total Expense</b>	<b>15,886.90</b>	<b>36,203.50</b>	<b>-20,316.60</b>	<b>-56.1%</b>
<b>Net Ordinary Income</b>	<b>140,598.10</b>	<b>87,566.50</b>	<b>53,031.60</b>	<b>60.6%</b>
<b>Net Income</b>	<b>140,598.10</b>	<b>87,566.50</b>	<b>53,031.60</b>	<b>60.6%</b>

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

The Annual Meeting for NASBA will be held October 27-30, 2019. The location of the meeting will be in Boston, MA.

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

FY21 BUDGET WORKSHEET							
			State Act	QB Act	FY20	Expand-	FY21
Income	Description	FY18	FY19	FY19	Budget	Reduce	Budget
4293550	Initial Individual Certificate	2,100.00	3,075.00	2,525.00	2,500.00	0.00	2,500.00
4293551	Cert Renew-Active	53,050.00	72,990.00	74,440.00	62,500.00	0.00	62,500.00
4293552	Cert Renew-Inactive	16,150.00	24,000.00	24,700.00	21,000.00	0.00	21,000.00
4293553	Cert Renew-Retired	800.00	1,660.00	1,700.00	1,400.00	50.00	1,450.00
4293554	Initial Firm Permit	750.00	850.00	800.00	700.00	0.00	700.00
4293555	Firm Permit Renew	11,700.00	17,400.00	17,650.00	14,500.00	0.00	14,500.00
4293557	Initial Audit	5,196.75	5,847.50	750.00	900.00	0.00	900.00
4293558	Re-exam Audit	15,923.20	15,708.39	1,980.00	2,460.00	0.00	2,460.00
4293560	Late Fee-Initial Certificate	250.00	50.00	50.00	0.00	0.00	0.00
4293561	Late Fees-Cert Renew	3,050.00	3,850.00	3,650.00	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	450.00	950.00	950.00	500.00	0.00	500.00
4293564	Late Fees- Peer Review	850.00	2,800.00	2,550.00	1,300.00	0.00	1,300.00
4293566	Firm Permit Owners	91,790.00	139,375.00	140,220.00	109,000.00	0.00	109,000.00
4293567	Peer Review Admin Fee	4,350.00	4,350.00	3,975.00	5,500.00	0.00	5,500.00
4293568	Firm Permit Name Change	250.00	75.00	75.00	100.00	0.00	100.00
4293569	Initial FAR	11,251.05	8,169.15	1,260.00	1,140.00	0.00	1,140.00
4293570	Initial REG	5,451.75	5,043.90	720.00	660.00	0.00	660.00
4293571	Initial BEC	4,640.55	3,738.95	510.00	930.00	0.00	930.00
4293572	Re-Exam FAR	11,011.10	15,688.95	2,040.00	1,860.00	0.00	1,860.00
4293573	Re-exam REG	15,593.65	15,450.55	2,010.00	2,310.00	0.00	2,310.00
4293574	Re-exam BEC	9,621.93	18,101.39	2,310.00	2,310.00	0.00	2,310.00
4491000	Interest and Dividend Revenue	5,470.45	5,660.71	5,660.71	5,000.00	500.00	5,500.00
4896021	Legal Recovery Cost	1,650.00	3,250.00	3,250.00	1,000.00	0.00	1,000.00
4950	Refund Prior Years Expenses	695.00	278.75	278.75	0.00	0.00	0.00
	<b>Total Income</b>	<b>272,045.43</b>	<b>368,363.24</b>	<b>294,054.46</b>	<b>240,570.00</b>	<b>550.00</b>	<b>241,120.00</b>
			State Act	QB Act	FY20	Expand-	FY21
Expenses -Sal & Benefits		FY18	FY19	FY19	Budget	Reduce	Budget
5101010	F-T Emp Sal & Wages	62,464.00	64,072.13	64,072.13	84,576.00	0.00	84,576.00
5101020	P-T Emp Sal & Wages	26,431.00	36,651.73	36,651.73	44,212.00	0.00	44,212.00
5101030	Board & Comm. Members	5,220.00	4,200.00	4,200.00	4,872.00	0.00	4,872.00
5102010	OASI - Employers	6,388.00	7,240.66	7,240.66	10,090.00	0.00	10,090.00
5102020	Retirement - Employers	5,334.00	5,759.65	5,759.65	7,515.00	0.00	7,515.00
5102060	Health Insurance	19,898.00	18,083.15	18,083.15	10,147.00	0.00	10,147.00
5102080	Workers Comp	160.00	195.68	195.68	213.00	0.00	213.00
5102090	Unemployment	40.00	26.13	26.13	125.00	0.00	125.00
	<b>Sal &amp; Benefits Totals</b>	<b>125,935.00</b>	<b>136,229.13</b>	<b>136,229.13</b>	<b>161,750.00</b>	<b>0.00</b>	<b>161,750.00</b>
			State Act	QB Act	FY20	Expand-	FY21
Expenses - Operational		FY18	FY19	FY19	Budget	Reduce	Budget
5203010	Auto - State Vehicle	0.00	61.59	61.59	400.00	(150.00)	250.00
5203020	Auto Private In State -employees	206.00	338.56	338.56	400.00	0.00	400.00
5203030	Auto Private In State- Board	672.00	804.72	956.76	1,500.00	0.00	1,500.00
5203100	Lodging In State	218.00	294.00	294.00	1,000.00	0.00	1,000.00
5203120	Incidentals to Travel- In State	10.00	10.00	10.00	100.00	0.00	100.00
5203140	Meals Not Overnight - In State	11.00	59.00	59.00	100.00	0.00	100.00
5203150	Meals Overnight - In State	237.00	180.00	180.00	400.00	0.00	400.00
5203230	Auto Private Out of State - Board	795.00	162.96	122.64	100.00	100.00	200.00



5203260	Air Travel-Out of State	3688.00	5,865.34	8,318.54	6,500.00	500.00	7,000.00
5203280	Other Public Transp Out of State	542.00	291.98	1,127.82	700.00	0.00	700.00
5203300	Lodging Out of State	8071.00	7,093.87	11,074.21	9,000.00	0.00	9,000.00
5203320	Incidentals to Travel- Out of State	391.00	360.00	590.00	500.00	0.00	500.00
5203350	Meals Overnight - Out of State	809.00	785.36	1,181.36	1,000.00	0.00	1,000.00
5204010	Subscriptions	603.00	344.50	669.33	1,000.00	0.00	1,000.00
5204020	Dues & Membership Fees	3450.00	3,450.00	3,450.00	3,900.00	0.00	3,900.00
5204030	Legal Document Fees	0.00	0.00	0.00	300.00	0.00	300.00
5204040	Consultant Fees - Audit	7200.00	0.00	0.00	7,300.00	(3700.00)	3,600.00
5204050	Computer Consultant - Database	18744.00	18,799.90	20,674.90	15,000.00	0.00	15,000.00
5204080	Consultant Fees - Legal	0.00	0.00	0.00	0.00	0.00	0.00
5204160	Workshop Registration Fees	5827.00	7,645.00	7,645.00	6,500.00	1000.00	7,500.00
5204180	Computer Services - State	1232.00	2,769.60	3,824.05	5,000.00	0.00	5,000.00
5204181	Computer Dev. State	4231.00	1,242.50	426.00	2,000.00	0.00	2,000.00
5204200	Central Services	7095.00	7,331.58	7,331.58	9,000.00	0.00	9,000.00
5204220	Equipment Service & Maint	838.00	825.54	32.94	300.00	0.00	300.00
5204230	Janitorial	1611.00	1,643.16	1,643.16	1,700.00	25.00	1,725.00
5204340	Computer-Tech Support	192.00	687.24	405.60	2,000.00	(1000.00)	1,000.00
5204360	Advertising-Newspaper	0.00	306.49	306.49	1,000.00	(500.00)	500.00
5204440	Newsletter Publishing	0.00	0.00	0.00	100.00	0.00	100.00
5204460	Equipment Rental	2412.00	2,412.00	3,204.60	4,000.00	0.00	4,000.00
5204480	Microfilm Processing	0.00	0.00	0.00	0.00	0.00	0.00
5204490	Rents-Private	15233.00	14,965.65	14,965.65	16,569.00	0.00	16,569.00
5204510	Rents-Other	0.00	709.71	0.00	500.00	0.00	500.00
5204530	Telecommunications	5146.00	5,486.73	5,103.59	4,500.00	1000.00	5,500.00
5204540	Electricity	691.00	964.59	972.89	865.00	0.00	865.00
5204560	Water	0.00	0.00	135.56	240.00	0.00	240.00
5204590	Insurance Premiums	1425.00	1,677.60	1,677.60	1,710.00	0.00	1,710.00
5204740	Bank Svc Chrg (Credit Card Fees)	4901.00	4,887.44	4,887.44	6,500.00	0.00	6,500.00
5204960	Other Contractual - NASBA	72440.00	81,601.99	849.46	0.00	0.00	0.00
5205020	Office Supplies	794.00	822.75	25,403.00	3,000.00	0.00	3,000.00
5205028	Office Supplies	509.00	1,233.01	901.29	0.00	0.00	0.00
5205040	Education & Instruction Supplies	0.00	324.83	0.00	0.00	0.00	0.00
5205310	Printing/Copying State	133.00	452.00	452.00	250.00	100.00	350.00
5205320	Printing Commercial	173.00	475.26	350.65	1,000.00	(500.00)	500.00
5205330	Supplement Publications & Ref	0.00	486.25	486.25	700.00	0.00	700.00
5205340	Microfilm Supplies & Material	0.00	0.00	0.00	0.00	0.00	0.00
5205350	Postage	1007.00	2,270.65	2,064.65	2,000.00	0.00	2,000.00
5207430	Office Machines	0.00	0.00	0.00	100.00	0.00	100.00
5207451	Office Furniture & Fixtures	0.00	261.12	0.00	0.00	0.00	0.00
5207490	Telephone Equipment	0.00	2,305.60	2,305.60	0.00	0.00	0.00
5207900	Computer	0.00	0.00	2,887.33	6,800.00	0.00	6,800.00
5207901	Computer Hardware	0.00	26,834.30	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	281.64	500.00	500.00	1,000.00
52079610	Computer Software	0.00	0.00	0.00	0.00	0.00	0.00
5228000	DOL Overhead Allocated Fees	6184.00	7,591.65	7,591.65	6,000.00	2000.00	8,000.00
5228030	Depreciation	0.00	0.00	5,679.40	5,679.12	0.00	5,679.12
	<b>Object Totals</b>	<b>177,721.00</b>	<b>217,116.02</b>	<b>150,923.78</b>	<b>139,213.12</b>	<b>-625.00</b>	<b>138,588.12</b>
	<b>Total Expenses</b>	<b>303,656.00</b>	<b>353,345.15</b>	<b>287,152.91</b>	<b>300,963.12</b>	<b>-625.00</b>	<b>300,338.12</b>
	<b>Net Income (Loss)</b>	<b>-31,610.57</b>	<b>15,018.09</b>	<b>6,901.55</b>	<b>-60,393.12</b>	<b>1,175.00</b>	<b>-59,218.12</b>

**EXECUTIVE DIRECTOR'S REPORT**

Nicole Kasin

**Renewals for individuals and firms**

Paper renewal forms were available on our website on June 17, 2019. Online renewals opened June 17, 2019. An email reminder was sent to individuals and firms that had not completed their renewals by July 29 and informed them of the August 1 deadline. On August 6, late renewal letter notices were sent to those who didn't renew. Here are the status of renewals through 8-6-19:

Entity	Renewed thru 7/31/2019	Pending renewals thru 7/31/2020	Completed renewals thru 7/31/2020
Firms	287	10	273
Individuals – Active	1267	41	1213
Individuals – Inactive	388	31	368
Individuals – Retired	124	7	124

**Board AUP**

The initial meeting with the reviewing firm was on August 8. Initial review of cash receipts processes was discussed, work through on how to recalculate fees, the selection of the sample months for review and details on supporting documentation requested to begin the AUP.

**Educator's Conference**

The conference is set for August 15 at Eide Bailly. Participants can join in person or via Skype.

**Board Discussion**

- Any New Business/topics?

## DISCUSSION WITH SD CPA SOCIETY

### Discussion Points

1. Evolution discussion – 5 guiding principles
  - a. Guiding Principle #1 The CPA profession must adapt quickly due to the technological disruptions in areas such as data analytics, robotics, artificial intelligence, and more. As such, the competencies, services and attitudes of CPAs need to continually evolve in order to protect the public interest.
  - b. Guiding Principle #2 The CPA profession and state boards of accountancy recognize that technological and analytical expertise is essential to performing assurance work, as well as the other services that are currently, or will be in the future, core to professional accounting.
  - c. Guiding Principle #3 The CPA profession and state boards of accountancy acknowledge that sustaining the profession and continued public protection require rethinking initial licensure requirements.
  - d. Guiding Principle #4 The profession, and therefore entry into the profession, must be redesigned to attract individuals with technological and analytical expertise. This includes non-CPA professionals whose technology and analytics skills are critical to the performance of assurance and other core services, as well as non-accounting major students. All must demonstrate minimum required competencies necessary to perform professional accounting services as a CPA.
  - e. Guiding Principle #5 The changes must be rapid, transformational and substantive without negatively impacting candidates currently in the pipeline.
2. Educator's conference
  - a. August 15, 2019 – CPA exam, Practice analysis, evolution of the profession, Q & A
3. Occupational licensing (2019 session – HB1057 Definition of Attest)
  - a. Possible 2020 legislation – watch for Ohio Occupational Bill (didn't make it out of LRC last year)
4. Peer Review –Administrating Entity-Oklahoma Society/decline in reviewers/discontinuing South Dakota peer review program
5. Proposed legislation/rule changes
  - a. CPA Exam – continuous testing proposed for July 1, 2020.
    - i. Removing the language on windows (20:75:02:03, 20:75:02:14, 20:75:02:20)
6. Open discussion for other topics



## AICPA BOARD OF EXAMINERS (BOE) MEETING HIGHLIGHTS

May 29 - 31, 2019

### Participants

**BOE Members:** Diego Baca (remote), Doug Behn, Barry Berkowitz, Helen Brown-Libur, Al Cohen (remote), Jimmy Corley, David deSilva, Evan DeFord, James Gottfried, Shelly Holzman, Jeff Hoops (Chair), Audrey Katcher, Erica Nelson, Kathleen Smith, Michael Watts, Tom Weirich, Jim Wollack

**AICPA Staff:** Michael Decker (Staff Liaison), Noel Albertson, Taryn Bauer, Liz Forman, Rich Gallagher, Mike Horan, Joe Maslott, John Mattar, Matthew Schultz, Robin Stackhouse, Joel White

**NASBA Staff:** Ed Barnicott (remote)

**NASBA ERB Staff:** Sheena Murphy

The AICPA Exams team welcomed new BOE members Jimmy Corley, James Gottfried, Erica Nelson, and Kathleen Smith to the BOE. An Orientation, including a visit to a Prometric Test Center, was conducted on Wednesday the 29<sup>th</sup>.

**State Board Committee (SBC) update:** The SBC discussed the pending approval and implementation of Continuous Testing and the struggles of a few state boards (6) to adopt supporting language in either their rules or regulations.

The SBC also discussed potential rule changes related to continuous testing, CPE and nano- or blended-learning, and changes to Ethics requirements.

The Exams team was encouraged to continue targeted communications to the state board EDs (Executive Directors) and board members where appropriate.

**Psychometric Oversight Committee (POC) update:** The POC's recent focus has been on future test design and practice analysis enhancements. The POC recently voted to approve the use of focus groups or panels of SMEs (subject matter experts) rather than large-scale surveys. The response rates for large-scale surveys are oftentimes very low, and the nature of surveys typically provides less useful information and evidence than focus groups. Phase II of the Practice Analysis will likely follow a similar SME-focused approach.

The POC continues to investigate with Exams staff the candidates' usage of the Authoritative Literature, scoring with double jeopardy, and potential removal of the constructed response.

**David de Silva and Barry Berkowitz led a general discussion on state boards' issues**, providing insight on the perspective of the State Boards' current views on the Exam and the profession, including:

- Anti-regulation activities
- State boards' general support for continuous testing but challenges with implementing it
- Peer review renewals
- Weakening finances and an increase in the number of umbrella boards
- Challenges to staffing state boards

**Financial Oversight Group (FOG), volumes and financial update:** The BOE reviewed the 2018 actuals and 2019 forecast in detail.

- As of 19Q2,
  - 191K – 197K scored domestic sections are forecasted for 2019
  - +800 unique candidates in 2019 compared to 2018 (Q2 comparison)
  - 10% over 2018 first time candidates (Q2 comparison)
  - 1.5% below 2018 on unique candidates (Q2 comparison)
  - Almost even to 2018 on passing candidates (24,000 target)
- Why?
  - Candidates are taking, 0.15 – 0.2, on average, fewer sections per year
  - Increased no-show rates to 9.7% from an average of approximately 8%
  - High-stakes testing and securing a license is typically lower in a strong economy
  - B&I is hiring accounting graduates at higher salaries than starting CPA salaries
    - No 150-hour requirement or CPA license required
  - Firms' growth is in consulting and advisory, not in audit and tax
    - CPA not required
  - Growth in CISSA, CFP, CFA, credentials
  - Immigration and green card volatility

The BOE and the Exams team have approved a 2019 budget reflecting lower volumes and additional cost reductions to manage the breakeven contract through 2024.

**Joe Maslott, Michael Decker, and Richard Gallagher** led the BOE in an in-depth discussion on the future of the Exam and the upcoming Practice Analysis. The 2019 goals and objectives (4) are:

1. Maintain currency and relevancy of the Exam amidst the technology revolution and its impact on audit data analytics and other areas of the profession, for the knowledge and skills required of a newly licensed CPA (nlCPAs).
2. Focus content knowledge and skills on what is most critical for newly licensed CPA practice.
  - a. Explore and be especially critical of areas of the Exam that are no longer required knowledge or skills of nlCPAs
3. Increase simplicity and efficiency to improve the candidate experience
  - a. Explore and implement (with the appropriate approvals) changes to test construction, test development, item types, scoring methodologies, etc. to remove elements that are adding complexity and cost, or are no longer benefiting the candidate.
4. Be prepared to align the Exam with the Evolution of the CPA committee's recommendations

The current status of the Practice Analysis is as follows:

Themes impacting nlCPAs, heard from over 12 firm interviews included:

1. NOW
  - a. Audit Data Analytics / Digital Mindset
  - b. SOC
2. Maybe
  - a. Cybersecurity
3. Not just yet
  - a. Machine learning and artificial intelligence
  - b. Robotic Process Automation (RPA)
  - c. Blockchain

Other preliminary themes heard include:

- CPA hiring trends are stable
- Critical thinking / problem solving skills are paramount
- Understanding the business
  - Information systems and business processes
  - Data / Digital mindset
- Excel skills are essential
- Increased reliance on SOC reports
- Support for prioritization / pruning of content
- Simplify the licensure process

Data analytics is currently assessed on the Exam and a new data analytics item that leverages Excel is targeted to be on the Exam in 10/2020.

Eight focus groups of supervisors of nlCPAs will be held into early July and eight content-ranking panel meetings (2 independent panels per Exam section) will be held in late July and early August.

The fall schedule is as follows:

- September – meeting with each content subcommittee to discuss the results of Phase 1 and Phase 2 on each section’s blueprints
  - Meetings with the BOE Sponsor Group, POC, Content Committee, Strategic Advisor (Erica Nelson), and the BOE
- October – Confirmation Panels – comment on proposed changes to each section
- November – meeting with each content subcommittee (as necessary) to discuss the results of the Confirmation Panels

The December Exposure Draft will likely include:

- Addressing the themes heard from firms and supported by focus groups
- Making the CPA Exam more technology focused
- Increased assessment of business processes, information systems, data flows and reliance on SOC reports
  - Likely most prevalent in the AUD and BEC sections
- Likely removal of non-critical content in all sections

**Sheena Murphy, NASBA’s Director of the Examination Review Board (ERB),** shared with the BOE that 2019 audit planning was underway.

**National Association of State Boards of Accountancy, Inc.**  
**Meeting of the Board of Directors**  
**April 26, 2019 - Marriott Union Square, San Francisco, CA**

1. Call to Order

A meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Janice Gray (OK) at 9:00 a.m. on Friday, April 26, 2019 at the Marriott Union Square in San Francisco, CA.

2. Report of Attendance

President and CEO Ken L. Bishop reported the following were present:

Officers

Janice L. Gray, CPA (OK), Chair  
Laurie J. Tish, CPA (WA), Vice Chair  
Theodore W. Long, Jr., CPA (OH), Past Chair  
W. Michael Fritz, CPA (OH), Secretary  
Jimmy E. Burkes, CPA (MS), Treasurer

Directors-at-Large

J. Coalter Baker, CPA (TX)  
A. Carlos Barrera, CPA (TX)  
Maria E. Caldwell, CPA (FL)  
John F. Dailey, Jr., CPA (NJ)  
Sharon A. Jensen, CPA (MN)  
Richard N. Reisig, CPA (MT)  
Stephanie M. Saunders, CPA (VA)

Regional Directors

Catherine R. Allen, CPA (NY), Northeast Regional Director  
J. Andy Bonner, CPA (TN), Southeast Regional Director  
C. Jack Emmons, CPA (NM), Southwest Regional Director  
Faye D. Miller, CPA (ND), Central Regional Director  
Nicola Neilon, CPA (NV), Mountain Regional Director  
Michael H. Womble, CPA (NC), Middle Atlantic Regional Director  
Katrina Salazar, CPA (CA), Pacific Regional Director

Richard C. Carroll, Esq. (KY) – Executive Directors Committee Liaison

Regional Director Absent

Sheldon P. Holzman, CPA (IL), Great Lakes Regional Director



### Staff

Ken L. Bishop, President and Chief Executive Officer

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

Louise Dratler Haberman, Vice President - Information and Research

Thomas Kenny, Chief Communications Officer

Troy Walker, CPA, Director of Finance/Controller

Noel L. Allen, Esq., Outside Legal Counsel

### 3. Approval of Minutes

Secretary W. Michael Fritz presented the minutes of the January 18, 2019 meeting of the Board of Directors. Having received a correction on Ms. Gray's title, Mr. Fritz called for additional corrections and, hearing none, he moved for approval of the minutes with the change previously presented. Jack Emmons seconded and the minutes were unanimously approved.

### 4. Report of the Chair

Chair Gray asked to amend the Board's agenda to allow for time for additional reports. Carlos Barrera moved to approve the amended agenda and Mr. Emmons seconded. All approved. Ms. Gray also announced that no new board member for the Center for the Public Trust was to be voted on at this meeting, as a person with the needed skill set for the position has not yet been identified.

Five of the eight regional conference calls were attended by Chair Gray this quarter. She also listened to several committees' conference calls. Ms. Gray attended an ethics presentation by Center for the Public Trust President Alfonso Alexander at her alma mater, East Central University. She also attended a meeting in NASBA's Nashville office with representatives from the Association of Chartered Accountants in the United States (ACAUS). During the quarter, she reviewed and signed several responses to exposure drafts.

A very productive AICPA/NASBA summit was held February 7-8, Chair Gray reported. During that meeting Cathy Allen presented a report on the Evolution Working Group's conclusions. It was then determined that NASBA Vice Chair Laurie Tish and AICPA Vice Chair Bill Reeb would head a task force to develop guidelines for the evolution. It was also agreed that a joint task force of the Professional Ethics Executive Committee and Uniform Accountancy Act Committee would be formed to address how best to approach NOCLAR (client's noncompliance with laws and regulations).

Chair Gray read a list of recently selected NASBA recommended appointees to outside groups:

New on Board of Examiners: Kathy Smith (NE), Jimmy Corley (ED representative ) (AR), and Shelly Holzman (IL BOE) (Mr. Holzman has been an AICPA appointee, but will represent NASBA for one additional year to help transition).

New on National Peer Review Committee: James Gero (OH)

New on Professional Ethics Executive Committee: Lawrence Wojcik (IL BOE)

New on Auditing Standards Board: Jeannie Dee (MO) and Gaylen Hansen (re-upped for an additional year) (CO).

New on Accounting and Review Services Committee: Tom Prothro (TX)

Financial Accounting Foundation: Former NASBA Chair Diane Rubin was just elected to Vice Chair.

International Ethics Standards Board for Accountants (IESBA): Gaylen Hansen was just made chair of the Consultative Advisory Group (CAG).

## 5. Report of the President

President Bishop reported the following to the Board:

- Local travel to the Nashville office was made difficult by the National Football League's holding its draft in the city. Schedule adjustments and staff social activities to compensate for this situation were made.

- NASBA continues to support local charities as suggested by staff.

- Financial Accounting Standards Board Chair Teresa Polley has submitted her resignation to the FASB. Mr. Bishop noted she had been helpful in having individuals recommended by NASBA placed into leadership positions in other organizations.

- NASBA staff met with representatives of Mayer Hoffman McCann, PC, an independent CPA firm, to hear their views on current professional issues.

- During the AICPA/NASBA leadership summit meeting promotion of the CGMA was discussed. Several states had questioned how the CGMA was being promoted to CPA firms. The AICPA will discontinue promoting the CGMA to CPA firms.

- Director of Legislative and Governmental Affairs John Johnson will become NASBA's chief representative on FARB (Federation of Associations of Regulatory Boards), taking over this assignment from NASBA Vice President Ed Barnicott.

- Progress is being made on developing mutual recognition agreements with the Institute of Chartered Accountants of England and Wales (ICAEW) and the South African Institute of Chartered Accountants (SAICA). Sharon Jensen, NASBA/AICPA International Qualifications Appraisal Board, said she is hopeful an agreement with SAICA will be ready for signing at NASBA's Annual Meeting. IQAB is scheduled to meet in May, with Thomas Fine of the US Trade Representative's Office reporting to IQAB.

- Leaders of the Association of Chartered Accountants in the United States (ACAUS) visited NASBA's Nashville headquarters. ACAUS estimates there are 10,000-14,000 chartered accountants from the present and former United Kingdom countries in the US.

- Technically NASBA's transition to outsourcing IT is completed, but it may take six months for NASBA to learn the nuances of working in this type of relationship. NASBA Directors are learning how to select projects to be assigned to IT. Given the increasing competition for IT talent in Nashville, President Bishop said the time for NASBA's outsourcing IT was right.

- The CPE Audit Service was launched this week in six states. NASBA's Communications Department developed instructive videos to assist in the Boards'

implementation of the new service. Additional firms are signing up to use the CPE Rules Engine.

- Continuous Uniform CPA Examination testing is currently anticipated to commence July 1, 2020, subject to the statute and rule changes necessary to allow it in the jurisdictions. Increasing the places for administering the Examination internationally is under consideration. There is interest in testing in India.

- An agreement was reached between the Department of Justice and the AICPA and NASBA on testing accommodations for individuals who are blind or who have low vision and who take the Uniform CPA Examination.

- The Executive Directors Conference and the Legal Counsel Conference went well.

- Colorado has passed legislation making it the first state to legally allow management accountants safe harbor title usage. Wyoming and New Jersey have enacted firm mobility. CPE reciprocity is moving by rule in Arizona and being put into law in New Jersey. New York is again looking at a bill on firm ownership. Hawaii's House passed individual mobility but it will not be voted on by the Hawaiian Senate until 2020.

- The NASBA Center for the Public Trust now has 46 student chapters. There were 94 submissions for its student video competition, drawing 1100 on-line voters. Eight states are using the CPT certification program as part of their disciplinary process.

#### 6. Report of the Vice Chair

Vice Chair Laurie Tish said she had been sitting in on committee meetings and conference calls. She has taken on the role of shepherding the CPA evolution project for NASBA. Working with AICPA Vice Chair Bill Reeb, they are trying to develop a plan that will impact all three Es. They have been spending time considering the work of the 120/150 task force and there will be a PowerPoint presentation at the Regionals on this project.

Ms. Tish reported she held a pre-planning meeting in March for her planning meeting to be held in May. She thanked the past and current committee chairs for their help. She asked that all encourage their committee members to submit their committee interest forms.

#### 7. Report of the CPA Evolution Working Group

Northeast Regional Director Catherine Allen summarized the report she had made to the AICPA/NASBA leadership summit on the conclusions reached by the CPA Evolution Working Group that she had chaired. The working group recommended a single pathway, single examination, substantial change in examination content, becoming nimbler, expanding discussion to the stakeholder group and identifying key competencies. If all the recommended changes are adopted, more people will be drawn into the profession as it will appear more up-to-date.

Ms. Allen observed there were varying responses to the report and what should be done next at the summit meeting. A course of action needs to be determined by October and Ms. Tish and AICPA Vice President Bill Reeb are working on guiding principles. However, Ms. Allen

has told her working group that they have completed their charge. Their report was accepted by the summit group.

Vice Chair Tish reported she had immediately gotten to work with AICPA Vice Chair Reeb and AICPA and NASBA staff to develop the principles, which she read to the NASBA Board. Though she believes the principles themselves are not controversial, she anticipates their execution will be. Ms. Tish emphasized the principles are a work in progress.

#### 8. Report of the Administration and Finance Committee

Treasurer Jimmy Burkes summarized the A&F Committee's report as covering four main issues: 1- The decision to restructure NASBA IT operations to a managed information technology has had a significant impact on the year's operating results; 2- There were lower expenses in other areas than budgeted; 3- There was lower Examination volume than budgeted; and 4- Investment results have had a favorable turnaround this quarter. The IT restructuring was not a cost-reduction decision, but it was the right move for NASBA at this time, Mr. Burkes stated.

More details on those four issues were provided by Senior Vice President and CFO Michael Bryant. He presented the financial impact of the IT restructuring in the current year, noting that significantly all the transition costs had been incurred. He also commented on the slow-to-rebound re-examination numbers and that the lower section volume impacts the other examination-related revenue items. While the revenue was down, it was a little better than last year and expenses had been managed and are below budget at this time. Excluding the IT restructuring costs, there was an approximate \$1.5 million positive variance to budget on the expense side. Mr. Bryant noted that excluding the IT restructuring cost, the operating excess was just slightly below what had been budgeted for the year. Concluding the financial report, he pointed out that mission spending was projected to end the year 9.1 percent over fiscal 2018.

Treasurer Burkes reported that the investment policy statement had been reviewed by the Investment Committee in April. A few minor changes were recommended and presented to the A&F Committee during their meeting on the preceding day. These will be presented to the Board at the July meeting.

On a motion by Treasurer Burkes, seconded by Mr. Baker, the financial report was accepted.

#### 9. Report from Executive Directors

Executive Directors Committee Chair Richard Carroll (KY) reported the Executive Directors' March conference had been a success, with the cybersecurity presentation by an FBI agent being rated the most interesting. Mr. Carroll believes more specific information on who firms should notify if a data breach occurs and other pertinent state laws would be helpful.

Some of the executive directors voiced concerns about the AICPA peer review program. A list of those concerns has been presented to AICPA Vice President James Brackens by Mr. Carroll. Firms are becoming frustrated when they do not hear back from the peer reviewers, he observed.

Because some states have testing administration in their statute, it may be harder for them to provide for continuous testing by 2020. Some Boards may be reluctant to make statutory changes to allow for continuous testing because of the anti-regulatory environment, Mr. Carroll said.

Chair Gray noted the AICPA Peer Review Board will hold an open meeting on May 3, 2019 and they have revised Chapter 3 of their administration handbook; however, they will not be voting on that. They are inviting the general public to raise questions during that meeting.

Mr. Carroll said his Board would like to know when a firm starts peer review. Ms. Gray responded that the AICPA needs to have the firm's permission and the AICPA is looking for ways to provide the information. John Dailey, chair of the Compliance Assurance Committee, noted it was good that the Peer Review Board is willing to listen to the State Boards, but it looks like the PRB will not vote on the Chapter 3 revision until July. Chair Gray noted that 10 State Boards had responded to the PRB on problems they saw with their guidance. President Bishop encouraged all the Boards to be represented on the May call.

#### 10. Report from Communications Chief

NASBA Communications Chief Thomas Kenny explained that his department handles both communications and meetings for NASBA. They do communications for all NASBA products and services with a strategy built around NASBA's mission.

He reported: 43 Boards of Accountancy now are using NASBA's communications department for different services, some for multiple services. This year 56 Quick Polls were sent to the Boards' Executive Directors and received a 63 percent response rate. NASBA sent out a total of 461 e-mails, of which 208 were from NASBA and the rest were on behalf of State Boards or the Center for the Public Trust. There were 81 meetings and events held in NASBA's Nashville office and Mr. Kenny estimated that every committee meeting held in the Nashville office saved almost \$4,000, in comparison to the meeting being held elsewhere. NASBA now has over 107,600 social media followers, an increase of about 15 percent over last year, he noted. The NASBA staff created 75 videos and almost 300 people are now live streaming NASBA conferences.

#### 11. Report of the Continuing Professional Education Committee

CPE Committee Chair Carlos Barrera reported the committee had been reviewing the "Statement on Standards for Continuing Professional Education Programs" and the fields of study document since May 2018, as these are regularly reviewed every two years. A Working Group Committee, which includes sponsor representatives, made recommendations for needed changes that were presented to a joint NASBA/AICPA committee in December 2018. After deliberations in person and via conference calls, minor changes were made and the CPE Committee now requests the Board approve the proposed changes be exposed for public comment until August 1, 2019. A similar request is being made of the AICPA.

Mr. Barrera said innovations and trends in CPE were considered. Changes have been proposed that will dovetail into the Uniform Accountancy Act. The CPE Committee would like

to address the comments received and bring back finished documents for the NASBA Board's approval in October 2019. Mr. Barrera made a motion to expose the fields of study document, Coalter Baker seconded, and all approved. Mr. Emmons moved to approve for exposure the revised Statement on Standards, Stephanie Saunders seconded, and all approved.

## 12. Report of the Education Committee

Education Committee Chair Stephanie Saunders reported her committee was awaiting the report of the CPA Evolution Task Force before proceeding with their study. The committee has been focused on determining which accounting education research projects will receive the NASBA 2019 grants. This year only seven proposals were submitted and were reviewed by a subcommittee chaired by Margaret Combs (KY). Ms. Saunders made a motion that the Board approve the awarding of a total \$17,919 to the following:

- "Why Master's in Accounting Students Do Not Sit for the CPA: Determinants and Perception of CPA Value," Dierdre Collier and Hannah Rozen from Fairleigh Dickinson University and Alexander Sannella from Rutgers University;
- "What Accounting Program and Curriculum Features Influence the Likelihood of Graduates Attempting the Uniform CPA Exam," Kelsey Brasel and Jason Stanfield from Ball State University and Heather Carrasco from Texas Tech University;
- "Most Effective Study Methods for High-Stakes Tests: The CPA Exam," Linda Quick, Denise Dickins and Rachel Hull from East Carolina University.

Sharon Jensen seconded the motion and all approved.

Ms. Saunders noted that Dr. Raymond Johnson (OR) had been invaluable in the grant process. As most of the proposals come from the American Accounting Association's annual meeting held in the summer, the Committee is considering changing the proposal deadline from April 1 to March 1 next year.

## 13. Report from the Committee on Relations with Member Boards

Committee on Relations with Member Boards Chair Nicola Neilon reported the Regional Directors are working on the program for the new State Board Members' orientation. They intend to focus on the message that State Board members need to get involved in NASBA early in their terms on the State Board. The Regional Directors have also been reviewing topics for the Regional Meeting.

This quarter the Regional Directors narrowed their Focus Questions down to a single major question on cybersecurity with multiple parts. Ms. Neilon said the Regional Directors had received some thoughtful responses. This topic had been covered at the Executive Directors' conference, but requests for cybersecurity information more closely linked to the State Boards and their licensees were received. Of the 39 Boards responding, 34 wanted additional action on this topic.

## 14. Report from Uniform Accountancy Act Committee

UAA Committee Chair Coalter Baker reported the comment period on amendments to Model Rules 5-7(2) had ended in February and the only written comments received came from three State Boards. However, an informal poll of the Executive Directors found all their Boards in favor of the change, and the AICPA supported the change as well, he stated. Mr. Reisig moved to approve Rule 5-7(2) as amended and Ms. Saunders seconded. All Approved.

President Bishop asked if there would need to be statutory language change to adopt continuous testing. Noel Allen advised that very few of the states would need to plug something into their statute and he has created unique language for them.

On May 7 the AICPA/NASBA UAA Committee will hold a conference call to begin discussion of an added experience requirement for those signing financial reports, Mr. Baker reported.

The joint UAA Committee/PEEC NOCLAR Task Force held a conference call on April 23 and will have a face-to-face meeting in Washington, DC, in July. Mr. Baker said UAA Section 18 changes need to be considered and these are being worked on by Noel Allen and AICPA attorney Virgil Webb. Attest services will be the first to be considered. Mr. Bishop said that at the AICPA/NASBA summit it was agreed that attest was to be the only issue under current consideration for NOCLAR. Mr. Baker said the goal is to have something ready on NOCLAR by the end of 2019.

#### 15. Policy Discussion

The NASBA Board of Directors heard a report from Vice Chair Tish on the conclusions of the 120/150 Task Force and a summary of what she will present at the June Regional Meetings. The overarching conclusion was that the Boards should maintain and support the 150-hour model, but a better job of articulating the benefits of the 150 needs to be done. Chair Gray agreed that talking points on why the 150 was originally adopted should be shared. The Board discussed the pros and cons.

The draft Guiding Principles which Ms. Tish had presented earlier in the meeting were discussed. She was not sure when the final version would be released and she invited the Board members to submit their comments on them. The Board members questioned what core competencies need to be covered and what could be eliminated from the Uniform CPA Examination. Sensitivity to those currently in the pipeline was a concern. Ms. Conrad has developed a vision statement to put the principles in context.

Anti-regulation legislation is being introduced across the country. The Board discussed clone bills that are being encountered in different states. It was agreed that the Boards need to be ready to articulate why there are requirements for CPA licensure.

#### 16. Future Meetings

The Board will next meet on July 26 in Colorado Springs, CO, and then in Boston, MA, on October 25, Chair Gray announced. Mr. Kenny encouraged the Board members to promptly register for the Regional Meetings.

17. Adjournment

Mr. Emmons moved to adjourn, which was seconded by Mr. Fritz and all approved. The meeting was adjourned at 4:15 p.m.



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

**Highlights of the Board of Directors Meeting  
July 26, 2019 – Colorado Springs, CO**

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, July 26, 2019 at the Garden of the Gods Resort in Colorado Springs, Colorado, the Board took the following actions:

- Voted in opposition to the Professional Ethics Executive Committee’s proposed interpretation on staff augmentation arrangements.
- Approved the Awards Committee’s recommendations: Michael T. Daggett (AZ) will be the recipient of the 2019 William H. Van Rensselaer Public Service Award; Michael Weinschel (CT) will be the posthumous recipient of the 2019 NASBA Distinguished Service Award; and James Corley (AR) will be the recipient of the 2019 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2019 Annual Business Meeting in October.
- Accepted the slate of NASBA 2019-2020 officers and directors selected by the Nominating Committee as presented by Nominating Committee Chair Theodore W. Long, Jr. (OH). The election of officers and directors will be held at the Annual Business Meeting in October.
- Heard a summary of the Executive Committee’s meeting from Chair Janice L. Gray (OK). She applauded the Regional Directors and NASBA staff for their development and presentation of the successful 2019 NASBA Regional Meetings. Ms. Gray also reported on her attendance at the North American Summit Meeting in Toronto, Canada, which included leaders from NASBA, AICPA, CPA Canada and the Instituto Mexicano de Contadores Públicos. Professionals in all three nations are facing technology issues, she observed.
- Congratulated Tracy Harding (ME) on being selected to be the next chair of the Auditing Standards Boards and Rick Reisig (MT) for being reappointed to the Private Company Council.
- Reviewed and approved for distribution to the member Boards the proposed Bylaws change for Section 7.1.7 on the qualifications for members of the Nominating Committee, as presented by Committee Chair Katrina Salazar (CA). The changes will be sent to the member Boards and voted on at the Annual Business Meeting.
- Received a report from Vice Chair Laurie J. Tish (WA) on the comments received on the CPA Evolution Task Force’s proposed “Guiding Principles.” Input from NASBA meetings, AICPA meetings and [www.evolutionofcpa.org](http://www.evolutionofcpa.org) website are under consideration. Ms. Tish explained the Task Force hopes to present potential action steps to the AICPA/NASBA summit.

- Heard from Education Committee Chair Stephanie Saunders (VA) they are eager to begin working on recommended changes to the Uniform Accountancy Act's education requirements but are awaiting the conclusions of the CPA Evolution Task Force.
- Learned from President and Chief Executive Officer Ken L. Bishop that State Boards will soon start to receive materials from the Alliance for Responsible Professional Licensing, which has already developed a website clarifying the differences between professional and occupational licenses. He also announced NASBA is upgrading its legislative tracking software.
- Heard a report from Committee on Relations with Member Boards Chair Nicola Neilon (NV) that the Regional Directors will be scheduling conference calls with their Regions in September. The Committee reviewed the evaluations of the 2019 Regional Meetings, and accordingly made recommendations for improving the meeting app and evaluation form for future meetings.
- Accepted and approved, respectively, the May 31, 2019 Internal Financial Statements, and the 2020 Consolidated Operating and Capital Budgets for NASBA, as presented by Chief Financial Officer and Senior Vice President Michael R. Bryant, and adopted the Administration and Finance Committee's recommended changes to the investment policy statement, as presented by NASBA Treasurer Jimmy Burkes (MS).
- Heard from NASBA Executive Vice President and Chief Operating Officer Colleen K. Conrad that 29 jurisdictions now have adopted firm mobility and 53 Boards have adopted the expanded definition of "attest." She reaffirmed that July 1, 2020 remains the target date to switch to continuous testing.
- Learned from Uniform Accountancy Act Committee Chair Coalter Baker (TX) that the AICPA/NASBA UAA Committee's task force on attest experience, led by Stephanie Saunders held a conference call in July and expect to continue discussions in September. A joint UAA Committee/AICPA Professional Ethics Executive Committee task force will meet July 30 to continue discussion of NOCLAR (noncompliance with laws and regulations). A joint task force of the NASBA UAA Committee and NASBA Compliance Assurance Committee will meet August 16 to review the comments received on the Model Rules related to peer review.
- Were informed planning for the 2019-2020 NASBA Committees is on schedule. Vice Chair Tish reported 167 committee placement requests had been received.

The next meeting of the NASBA Board of Directors will be held on October 25, 2019 in Boston, Massachusetts.

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

**Proposed Bylaws Amendment  
July 26, 2019**

Based upon the recommendation of the Bylaws Committee, the Board of Directors approved on July 26, 2019, the following proposed Amendment to the Bylaws for consideration at the Annual Business Meeting:

**Proposed Amendment Blacklined:**

7.1.7 Each member and alternate must have (i) served at least two years on a state board of accountancy, (ii) attended, in person, at least one NASBA Regional Meeting, (iii) attended, in person, at least one NASBA Annual Meeting and ~~(iii)iv~~ served on a NASBA committee, task force or board (e.g., such as the Exam Review Board or International Qualifications Appraisal Board). ~~board" is not referring to member of Board of Directors) or task force.~~ The term "board" as used in this subsection does not refer to the Board of Directors.

**Proposed Amendment Clean:**

7.1.7 Each member and alternate must have (i) served at least two years on a state board of accountancy, (ii) attended, in person, at least one NASBA Regional Meeting, (iii) attended, in person, at least one NASBA Annual Meeting and (iv) served on a NASBA committee, task force or board (such as the Exam Review Board or International Qualifications Appraisal Board). The term "board" as used in this subsection does not refer to the Board of Directors.

**Rationale:** Section 7.1.7 prescribes the minimum qualifications for election as Members and Alternates on the Nominating Committee. The Proposed Amendment would make it clearer that in order to qualify for election to the Nominating Committee; an individual must have experience that includes actually attending in person at least one Regional Meeting and at least one Annual Meeting. There is concern that some might consider attendance to include viewing a meeting via streaming or by other electronic means. Given the increasing importance of the work of the Nominating Committee and the fact that in person attendance is required for significant Nominating Committee meetings, the Bylaws Committee believes that it is important to explain the expectations for election to the Committee. Thus, the Proposed Amendment also non-substantively rearranges some of the language for clarity.

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## AUGUST 2019 REGIONAL DIRECTORS' FOCUS QUESTIONS

*To State Board Chairs/Presidents, Members and Executive Directors:*

*The input received from our Focus Questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. **Please submit your Board's responses by Monday, October 7, 2019.***

### GENERAL INFORMATION

Name of person submitting form: \*

Board of Accountancy: \*

Please select...

Alabama State Board of Public Accountancy  
Alaska Board of Public Accountancy  
Arizona State Board of Accountancy

Email: \*

## QUESTIONS

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

2. Can NASBA be of any assistance to your Board at this time, and/or are there any issues on which you would like NASBA to provide your Board with more information?

No

Yes. Please explain below.

3. 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).

If you answered Other, please explain below.

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