

Meeting Agenda
SOUTH DAKOTA BOARD OF ACCOUNTANCY
 Eide Bailly – 5th Floor Conference Room
 200 E. 10th St., Sioux Falls
 August 15, 2018, 8:30 a.m. (CDT)

A=Action
 D=Discussion
 I=Information

A. Call to Order.....	Pummel
B. A-Nominating Committee.....	Oratory
C. A-Approval of Minutes of Meeting July 18, 2018.....	2-3
D. A-Approval of Certificates & Firm Permits.....	4-5
E. A-Approval of Financial Statements through June 2018.....	6-15
F. A-Report to Board on NASBA Annual Meeting	16
G. A-FY20 Proposed Budget.....	17-18
H. D-Executive Director's Report.....	19
I. D-NASBA Dan Dustin, VP State Board Relations.....	Dustin
J. D-1:30 SD CPA Society.....	20

AICPA

K. D-Board of Examiners Meeting Highlights May 31-June 1, 2018.....	21-23
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NASBA

L. D-Board of Directors Meeting Minutes April 27, 2018.....	24-32
M. D-Board of Directors Meeting Highlights July 20, 2018.....	33-34
N. D-Proposed Bylaws Amendment.....	35-50
O. A-Quarterly Focus Questions.....	51-53

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 TBD
- R. Adjournment

Meeting Minutes
SOUTH DAKOTA BOARD OF ACCOUNTANCY
Conference Call
July 18, 2018 9:00 a.m. CST

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

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

Others Present: Nicole Kasin, Executive Director, Julie Iverson, Sr. Secretary, and Graham Oey, Staff Attorney, DLR.

Chair Pummel asked if there were any additions to the agenda. The following were added:
Addition to Certificates
Report to Board on Grades
Addition to Executive Session

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

Deidre Budahl made a motion to approve the June 6, 2018 meeting minutes. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Tolsma-yea; Guindon-yea; Smith-yea; Budahl-yea; Pummel-yea)

Jeff Strand made a motion to approve the issuance of individual certificates and firm permits through July 16, 2018. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Tolsma-yea; Guindon-yea; Smith-yea; Budahl-yea; Pummel-yea)

Marty Guindon made a motion to approve the financial statements through May 2018. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Tolsma-yea; Guindon-yea; Smith-yea; Budahl-yea; Pummel-yea)

Executive Director Kasin discussed her report with an update on the new database, an update of the renewals for individuals and firms, and a recap of the NASBA Western Regional Conference held in Lake Tahoe, CA June 26-28, 2018.

The Board reviewed the report on the CPA exam grades for the 57th Window.

Jeff Smith made a motion to ratify the CPA exam scores for the 57th window through June 2018. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED** (Strand-yea; Tolsma-yea; Guindon-yea; Smith-yea; Budahl-yea; Pummel-yea)

Jeff Strand made a motion to enter into executive session for the deliberative process for peer reviews, a follow-up, and an off-site request. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED** (Strand-yea; Tolsma-yea; Guindon-yea; Smith-yea; Budahl-yea; Pummel-yea)

The Board came out of executive session.

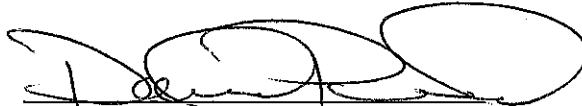
Marty Guindon made a motion to accept the peer reviews, a follow-up, and an off-site request as discussed in executive session. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED** (Strand-yea; Tolsma-yea; Guindon-yea; Smith-yea; Budahl-yea; Pummel-yea)

FUTURE MEETING DATES (all times CT)

August 15, 2018 – 8:30 a.m. Eide Bailly 5th floor conference room Sioux Falls

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

All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 10:03 a.m.



David Pummel, CPA, Chair

Attest: 
Nicole Kasin, Executive Director


Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through August 8, 2018

Number	Name	Date Issued	Location
3388	Ryan Wayne Nepodal	07/17/2018	Sioux Falls, SD
3389	Janett Walter	08/01/2018	Sioux Falls, SD
3390	Rachael Ann Ruba	08/07/2018	Sioux Falls, SD

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

**Issued Through
August 8, 2018**

Number	Name	Date Issued	Basis/Comments
1719	Numbers & Such Prof. LLC Harrisburg, SD	08/01/18	New Firm

BAL1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 06/30/2018

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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	408,634.19	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			408,634.19	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			408,634.19	DR **	
BUDGET UNIT TOTAL 1031			408,634.19	DR ***	

BA0205A5 07/14/2018

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/30/2018

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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	JY APPL OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	1031000061802	51010100	CGEX180529	06/01/2018					2,442.74	DR
6503	1031000061802	51010100	CGEX180613	06/15/2018					2,775.95	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	1031000061802	51010200	CGEX180529	06/01/2018					5,218.69	DR *
6503	1031000061802	51010200	CGEX180613	06/15/2018					1,310.58	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	1031000061802	51010300	CGEX180613	06/15/2018					1,617.40	DR
OBJSUB: 5101030 BOARD & COMM MBRS FEES										
6503	1031000061802	51020100	CGEX180529	06/01/2018					300.00	DR *
6503	1031000061802	51020100	CGEX180613	06/15/2018					8,446.67	DR **
OBJSUB: 5102010 OAST-EMPLOYER'S SHARE										
6503	1031000061802	51020200	CGEX180529	06/01/2018					253.78	DR
6503	1031000061802	51020200	CGEX180613	06/15/2018					324.83	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	1031000061802	51020600	CGEX180529	06/01/2018					578.61	DR *
6503	1031000061802	51020600	CGEX180613	06/15/2018					225.18	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	1031000061802	51020800	CGEX180529	06/01/2018					488.78	DR *
6503	1031000061802	51020800	CGEX180613	06/15/2018					1,033.00	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	1031000061802	51020900	CGEX180529	06/01/2018					1,090.57	DR
6503	1031000061802	51020900	CGEX180613	06/15/2018					2,123.57	DR *
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	1031000061802	52041810	DP805100	06/20/2018					15.50	DR *
6503	1031000061802	52041810	DP805100	06/20/2018					1.70	DR
OBJSUB: 5204181 BIT DEVELOPMENT COSTS										
6503	1031000061802	52042000	PL805057	06/20/2018					7.14	DR
6503	1031000061802	52042000	PL805057	06/20/2018					8.36	DR
OBJSUB: 5204200 CENTRAL SERVICES										
6503	1031000061802	52042200	INS12246	06/20/2018					3.68	DR **
6503	1031000061802	52042200	INS12246	06/20/2018					3,210.14	DR **
OBJSUB: 5204220 EQUIPMENT SERV & MAINT										
6503	1031000061802	52042200	INS12246	06/20/2018					11,656.81	DR ***
6503	1031000061802	52042200	INS12246	06/20/2018					101.55	DR
6503	1031000061802	52042200	INS12246	06/20/2018					101.55	DR
6503	1031000061802	52042200	INS12246	06/20/2018					193.21	DR *
6503	1031000061802	52042200	INS12246	06/20/2018					588.00	DR *
6503	1031000061802	52042200	INS12246	06/20/2018					193.21	DR *
6503	1031000061802	52042200	INS12246	06/20/2018					58.07	DR *
6503	1031000061802	52042200	INS12246	06/20/2018					58.07	DR *

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/30/2018

AGENCY	BUDGET UNIT	CENTER	LABOR & REGULATION BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JY APPL OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	52042300	18-014	JUL-JUN18	06/27/2018	00512516	SUNSETOFFI	12043890			134.25	DR
6503	103100061802	52044600		JANITORIAL & MAINT SERV	06/08/2018	00507601	MAINTFINANC	12219369			603.00	DR
6503	103100061802	52044600		EQUIPMENT RENTAL	06/26/2018	02254284	MCGINNISRO	12074040			603.00	DR
6503	103100061802	52044900		RENTS-PRIVATE OWNED PROP.	06/13/2018	00005234	ATTMOBILIT	12279233			1,269.45	DR
6503	103100061802	52045300		TELECOMMUNICATIONS SRVCS	06/08/2018	02252140	XCELENERGY	12023853			158.49	DR
6503	103100061802	52045400		ELECTRICITY	06/13/2018	327657AS					53.50	DR
6503	103100061802	52047400		BANK FEES AND CHARGES	06/06/2018	02252086	INNOVATIVE	12550348			98.80	DR
6503	103100061802	52050200		CONTRACTUAL SERVICES	06/15/2018	02253268	INNOVATIVE	12550348			3,258.32	DR
6503	103100061802	52050200		OFFICE SUPPLIES	06/28/2018						40.78	DR
6503	103100061802	52280000		SUPPLIES & MATERIALS	06/06/2018						40.78	DR
6503	103100061802	52280000		OPER TRANS OUT -NON BUDGT							1,292.08	DR
6503	103100061802	52280000		NONOP EXP/NONBGTD OP TR							1,292.08	DR
6503	103100061802	52280000		OPERATING EXPENSES							4,591.18	DR
6503	103100061802	52280000		OPERATING EXPENSES							16,247.99	DR
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6503	103100061802	52280000		OPERATING EXPENSES							16,247.99	DR
6503	103100061802	52280000		OPERATING EXPENSES							16,247.99	DR

South Dakota Board of Accountancy
Balance Sheet
As of June 30, 2018

	Jun 30, 18
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	28,581.93
1140000 · Pool Cash State of SD	408,634.19
Total Checking/Savings	437,216.12
Other Current Assets	
1131000 · Interest Income Receivable	4,246.81
1213000 · Investment Income Receivable	1,522.99
Total Other Current Assets	5,769.80
Total Current Assets	442,985.92
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
1670000 · Computer Software - Other	15,301.00
Total 1670000 · Computer Software	15,301.00
Total Fixed Assets	15,301.00
TOTAL ASSETS	458,286.92
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	16,371.66
Total Accounts Payable	16,371.66
Other Current Liabilities	
2430000 · Accrued Wages Payable	9,844.91
2810000 · Amounts Held for Others	29,207.84
Total Other Current Liabilities	39,052.75
Total Current Liabilities	55,424.41
Long Term Liabilities	
2960000 · Compensated Absences Payable	19,161.66
Total Long Term Liabilities	19,161.66
Total Liabilities	74,586.07
Equity	
3220000 · Net Position	317,825.02
3900 · Retained Earnings	9,019.48
Net Income	56,856.35
Total Equity	383,700.85
TOTAL LIABILITIES & EQUITY	458,286.92

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2017 through June 2018

	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,650.00	2,500.00	150.00	106.0%
4293551 · Certificate Renewals-Active	72,050.00	58,000.00	14,050.00	124.2%
4293552 · Certificate Renewals-Inactive	23,050.00	21,000.00	2,050.00	109.8%
4293553 · Certificate Renewals-Retired	1,500.00	1,050.00	450.00	142.9%
4293554 · Initial Firm Permits	800.00	700.00	100.00	114.3%
4293555 · Firm Permit Renewals	16,400.00	15,500.00	900.00	105.8%
4293557 · Initial Audit	720.00	900.00	-180.00	80.0%
4293558 · Re-Exam Audit	2,250.00	2,460.00	-210.00	91.5%
4293560 · Late Fees-Initial Certificate	250.00	0.00	250.00	100.0%
4293561 · Late Fees-Certificate Renewals	3,250.00	3,000.00	250.00	108.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	450.00	500.00	-50.00	90.0%
4293564 · Late Fees-Peer Review	1,100.00	1,300.00	-200.00	84.6%
4293566 · Firm Permit Owners				
5208003 · REFUNDS	-65.00			
4293566 · Firm Permit Owners - Other	130,170.00	105,000.00	25,170.00	124.0%
Total 4293566 · Firm Permit Owners	130,105.00	105,000.00	25,105.00	123.9%
4293567 · Peer Review Admin Fee	4,725.00	5,500.00	-775.00	85.9%
4293568 · Firm Permit Name Change	250.00	100.00	150.00	250.0%
4293569 · Initial FAR	1,530.00	1,140.00	390.00	134.2%
4293570 · Initial REG	840.00	660.00	180.00	127.3%
4293571 · Initial BEC	660.00	930.00	-270.00	71.0%
4293572 · Re-Exam FAR	1,590.00	1,860.00	-270.00	85.5%
4293573 · Re-Exam REG	2,130.00	2,310.00	-180.00	92.2%
4293574 · Re-Exam BEC	1,320.00	2,310.00	-990.00	57.1%
4491000 · Interest and Dividend Revenue	5,470.45	4,000.00	1,470.45	136.8%
4896021 · Legal Recovery Cost	1,650.00	1,000.00	650.00	165.0%
Total Income	274,740.45	231,720.00	43,020.45	118.6%
Gross Profit	274,740.45	231,720.00	43,020.45	118.6%
Expense				
5101010 · F-T Emp Sal & Wages	62,463.74	76,588.00	-14,124.26	81.6%
5101020 · P-T/Temp Emp Sal & Wages	26,431.24	31,035.00	-4,603.76	85.2%
5101030 · Board & Comm Mbrs Fees	5,220.00	4,683.00	537.00	111.5%
5102010 · OASI-Employer's Share	6,388.24	8,281.00	-1,892.76	77.1%
5102020 · Retirement-ER Share	5,333.81	6,495.00	-1,161.19	82.1%
5102060 · Health /Life Ins.-ER Share	19,898.40	21,183.00	-1,284.60	93.9%
5102080 · Worker's Compensation	159.90	43.00	116.90	371.9%
5102090 · Unemployment Insurance	40.05	108.00	-67.95	37.1%
5203010 · Auto--State Owned	0.00	400.00	-400.00	0.0%
5203020 · Auto-Private-Ownes Low Mileage	103.04	400.00	-296.96	25.8%
5203030 · In State-Auto- Priv. High Miles	767.76	1,500.00	-732.24	51.2%
5203100 · In State-Lodging	218.00	1,000.00	-782.00	21.8%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNigt	143.00	400.00	-257.00	35.8%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	2,981.98	6,000.00	-3,018.02	49.7%
5203280 · OS-Other Public Carrier	492.99	500.00	-7.01	98.6%
5203300 · OS-Lodging	6,364.16	7,800.00	-1,435.84	81.6%
5203320 · OS-Incidentals to Travel	327.00	450.00	-123.00	72.7%
5203350 · OS-Non-Taxable Meals Overnight	615.00	1,000.00	-385.00	61.5%
5204010 · Subscriptions	602.58	1,000.00	-397.42	60.3%
5204020 · Dues and Membership Fees	3,450.00	3,900.00	-450.00	88.5%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	7,200.00	7,100.00	100.00	101.4%
5204050 · Consultant Fees - Computer	9,170.61	15,000.00	-5,829.39	61.1%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	5,132.06	6,000.00	-867.94	85.5%
5204180 · Computer Services-State	1,225.35	5,000.00	-3,774.65	24.5%
5204181 · Computer Development Serv-State	4,357.10	2,000.00	2,357.10	217.9%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2017 through June 2018

	Jul '17 - Jun 18	Budget	\$ Over Budget	% of Budget
5204200 Central Services	7,020.96	9,000.00	-1,979.04	78.0%
5204220 Equipment Service & Maintenance	28.57	300.00	-271.43	9.5%
5204230 Janitorial/Maintenance Services	1,611.00	1,650.00	-39.00	97.6%
5204340 Computer Software Maintenance	192.00	2,000.00	-1,808.00	9.6%
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	3,221.40	4,000.00	-778.60	80.5%
5204480 Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 Rents Privately Owned Property	15,233.40	15,734.00	-500.60	96.8%
5204510 Rent-Other	0.00	500.00	-500.00	0.0%
5204530 Telecommunications Services	5,059.00	3,500.00	1,559.00	144.5%
5204540 Electricity	717.63	865.00	-147.37	83.0%
5204560 Water	131.75	240.00	-108.25	54.9%
5204590 Insurance Premiums/Surety Bonds	1,393.93	1,710.00	-316.07	81.5%
5204740 Bank Fees and Charges	4,901.36	6,500.00	-1,598.64	75.4%
5204960 Other Contractual Services	431.10	0.00	431.10	100.0%
5205020 Office Supplies	1,231.44	2,000.00	-768.56	61.6%
5205028 OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 Printing State	132.75	250.00	-117.25	53.1%
5205320 Printing/Duplicating/Binding Co	279.86	1,000.00	-720.14	28.0%
5205330 Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 Postage	1,007.20	2,000.00	-992.80	50.4%
5207430 Office Machines	0.00	100.00	-100.00	0.0%
5207900 Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 Operating Transfers Out-NonBudg	6,183.74	6,000.00	183.74	103.1%
Total Expense	217,884.10	274,415.00	-56,530.90	79.4%
Net Ordinary Income	56,856.35	-42,695.00	99,551.35	-133.2%
Net Income	56,856.35	-42,695.00	99,551.35	-133.2%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
June 2018

	Jun 18	Jun 17	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	675.00	125.00	550.00	440.0%
4293551 · Certificate Renewals-Active	6,400.00	-4,650.00	11,050.00	237.6%
4293552 · Certificate Renewals-Inactive	2,650.00	-800.00	3,450.00	431.3%
4293553 · Certificate Renewals-Retired	220.00	-70.00	290.00	414.3%
4293554 · Initial Firm Permits	100.00	0.00	100.00	100.0%
4293555 · Firm Permit Renewals	1,550.00	-1,100.00	2,650.00	240.9%
4293557 · Initial Audit	120.00	60.00	60.00	100.0%
4293558 · Re-Exam Audit	270.00	90.00	180.00	200.0%
4293560 · Late Fees-Initial Certificate	50.00	0.00	50.00	100.0%
4293561 · Late Fees-Certificate Renewals	200.00	0.00	200.00	100.0%
4293564 · Late Fees-Peer Review	350.00	250.00	100.00	40.0%
4293566 · Firm Permit Owners	13,545.00	-9,250.00	22,795.00	246.4%
4293567 · Peer Review Admin Fee	1,500.00	1,725.00	-225.00	-13.0%
4293568 · Firm Permit Name Change	50.00	25.00	25.00	100.0%
4293569 · Initial FAR	180.00	120.00	60.00	50.0%
4293570 · Initial REG	180.00	60.00	120.00	200.0%
4293571 · Inital BEC	120.00	90.00	30.00	33.3%
4293572 · Re-Exam FAR	210.00	210.00	0.00	0.0%
4293573 · Re-Exam REG	210.00	180.00	30.00	16.7%
4293574 · Re-Exam BEC	270.00	30.00	240.00	800.0%
4491000 · Interest and Dividend Revenue	0.00	-5,549.23	5,549.23	100.0%
4920045 · Undistributed Earnings	0.00	5,862.91	-5,862.91	-100.0%
Total Income	28,850.00	-12,591.32	41,441.32	329.1%
Gross Profit	28,850.00	-12,591.32	41,441.32	329.1%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	1,691.15	-1,691.15	-100.0%
5101010 · F-T Emp Sal & Wages	5,218.69	6,255.78	-1,037.09	-16.6%
5101020 · P-T/Temp Emp Sal & Wages	2,927.98	2,633.41	294.57	11.2%
5101030 · Board & Comm Mbrs Fees	300.00	670.92	-370.92	-55.3%
5102010 · OASI-Employer's Share	578.61	644.95	-66.34	-10.3%
5102020 · Retirement-ER Share	488.78	533.35	-44.57	-8.4%
5102060 · Health /Life Ins.-ER Share	2,123.57	1,871.12	252.45	13.5%
5102080 · Worker's Compensation	15.50	14.10	1.40	9.9%
5102090 · Unemployment Insurance	3.68	3.86	-0.18	-4.7%
5203020 · Auto-Private-Ownes Low Mileage	0.00	103.04	-103.04	-100.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	9.00	-9.00	-100.0%
5203230 · OS-Auto Private High Mileage	0.00	698.88	-698.88	-100.0%
5203260 · OS-Air Commercial Carrier	0.00	705.60	-705.60	-100.0%
5203280 · OS-Other Public Carrier	0.00	49.00	-49.00	-100.0%
5203300 · OS-Lodging	0.00	1,707.02	-1,707.02	-100.0%
5203320 · OS-Incidentals to Travel	0.00	64.00	-64.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	288.00	-288.00	-100.0%
5204180 · Computer Services-State	99.30	106.05	-6.75	-6.4%
5204181 · Computer Development Serv-State	816.50	690.00	126.50	18.3%
5204200 · Central Services	193.21	253.41	-60.20	-23.8%
5204220 · Equipment Service & Maintenance	1.27	1.60	-0.33	-20.6%
5204230 · Janitorial/Maintenance Services	134.25	130.34	3.91	3.0%
5204460 · Equipment Rental	56.80	71.00	-14.20	-20.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	309.85	403.40	-93.55	-23.2%
5204540 · Electricity	71.67	44.97	26.70	59.4%
5204560 · Water	10.00	17.00	-7.00	-41.2%
5204740 · Bank Fees and Charges	98.80	70.60	28.20	39.9%
5204960 · Other Contractual Services	0.00	216.00	-216.00	-100.0%
5205020 · Office Supplies	51.42	0.00	51.42	100.0%
5205320 · Printing/Duplicating/Binding Co	124.61	121.61	3.00	2.5%
5207960 · Computer Software Expense	0.00	320.46	-320.46	-100.0%
5228000 · Operating Transfers Out-NonBudg	1,292.08	496.57	795.51	160.2%
Total Expense	16,186.02	22,155.64	-5,969.62	-26.9%
Net Ordinary Income	12,663.98	-34,746.96	47,410.94	136.5%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
June 2018

	<u>Jun 18</u>	<u>Jun 17</u>	<u>\$ Change</u>	<u>% Change</u>
Other Income/Expense				
Other Expense				
5228090 · Security Lending Rebate Fees	0.00	10.00	-10.00	-100.0%
Total Other Expense	<u>0.00</u>	<u>10.00</u>	<u>-10.00</u>	<u>-100.0%</u>
Net Other Income	<u>0.00</u>	<u>-10.00</u>	<u>10.00</u>	<u>100.0%</u>
Net Income	<u><u>12,663.98</u></u>	<u><u>-34,756.96</u></u>	<u><u>47,420.94</u></u>	<u><u>136.4%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2017 through June 2018

	Jul '17 - Jun 18	Jul '16 - Jun 17	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	2,650.00	2,800.00	-150.00	-5.4%
4293551 · Certificate Renewals-Active	72,050.00	54,980.00	17,070.00	31.1%
4293552 · Certificate Renewals-Inactive	23,050.00	18,900.00	4,150.00	22.0%
4293553 · Certificate Renewals-Retired	1,500.00	1,130.00	370.00	32.7%
4293554 · Initial Firm Permits	800.00	800.00	0.00	0.0%
4293555 · Firm Permit Renewals	16,400.00	12,400.00	4,000.00	32.3%
4293557 · Initial Audit	720.00	630.00	90.00	14.3%
4293558 · Re-Exam Audit	2,250.00	2,100.00	150.00	7.1%
4293560 · Late Fees-Initial Certificate	250.00	100.00	150.00	150.0%
4293561 · Late Fees-Certificate Renewals	3,250.00	2,750.00	500.00	18.2%
4293563 · Late Fees-Firm Permit Renewals	450.00	400.00	50.00	12.5%
4293564 · Late Fees-Peer Review	1,100.00	1,000.00	100.00	10.0%
4293566 · Firm Permit Owners	130,105.00	97,590.00	32,515.00	33.3%
4293567 · Peer Review Admin Fee	4,725.00	5,025.00	-300.00	-6.0%
4293568 · Firm Permit Name Change	250.00	250.00	0.00	0.0%
4293569 · Initial FAR	1,530.00	1,170.00	360.00	30.8%
4293570 · Initial REG	840.00	810.00	30.00	3.7%
4293571 · Inital BEC	660.00	1,110.00	-450.00	-40.5%
4293572 · Re-Exam FAR	1,590.00	2,010.00	-420.00	-20.9%
4293573 · Re-Exam REG	2,130.00	2,220.00	-90.00	-4.1%
4293574 · Re-Exam BEC	1,320.00	1,950.00	-630.00	-32.3%
4491000 · Interest and Dividend Revenue	5,470.45	-83.11	5,553.56	6,682.2%
4896021 · Legal Recovery Cost	1,650.00	1,050.00	600.00	57.1%
4920045 · Undistributed Earnings	0.00	5,862.91	-5,862.91	-100.0%
Total Income	274,740.45	216,954.80	57,785.65	26.6%
Gross Profit	274,740.45	216,954.80	57,785.65	26.6%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	1,691.15	-1,691.15	-100.0%
5101010 · F-T Emp Sal & Wages	62,463.74	60,377.44	2,086.30	3.5%
5101020 · P-T/Temp Emp Sal & Wages	26,431.24	23,966.47	2,464.77	10.3%
5101030 · Board & Comm Mbrs Fees	5,220.00	4,630.92	589.08	12.7%
5102010 · OASI-Employer's Share	6,388.24	6,027.12	361.12	6.0%
5102020 · Retirement-ER Share	5,333.81	5,060.56	273.25	5.4%
5102060 · Health /Life Ins.-ER Share	19,898.40	17,943.50	1,954.90	10.9%
5102080 · Worker's Compensation	159.90	104.49	55.41	53.0%
5102090 · Unemployment Insurance	40.05	33.09	6.96	21.0%
5203010 · Auto--State Owned	0.00	111.55	-111.55	-100.0%
5203020 · Auto-Private-Ownes Low Mileage	103.04	467.82	-364.78	-78.0%
5203030 · In State-Auto- Priv. High Miles	767.76	881.16	-113.40	-12.9%
5203100 · In State-Lodging	218.00	564.10	-346.10	-61.4%
5203120 · In State-Incidentals to Travel	10.00	25.00	-15.00	-60.0%
5203140 · InState-Tax Meals Not Overnigt	11.00	11.00	0.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	143.00	249.00	-106.00	-42.6%
5203230 · OS-Auto Private High Mileage	0.00	1,034.04	-1,034.04	-100.0%
5203260 · OS-Air Commercial Carrier	2,981.98	6,252.48	-3,270.50	-52.3%
5203280 · OS-Other Public Carrier	492.99	594.10	-101.11	-17.0%
5203300 · OS-Lodging	6,364.16	9,389.92	-3,025.76	-32.2%
5203320 · OS-Incidentals to Travel	327.00	507.00	-180.00	-35.5%
5203350 · OS-Non-Taxable Meals Overnight	615.00	998.00	-383.00	-38.4%
5204010 · Subscriptions	602.58	557.58	45.00	8.1%
5204020 · Dues and Membership Fees	3,450.00	3,450.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	7,200.00	0.00	7,200.00	100.0%
5204050 · Consultant Fees - Computer	9,170.61	0.00	9,170.61	100.0%
5204160 · Workshop Registration Fees	5,132.06	6,255.00	-1,122.94	-18.0%
5204180 · Computer Services-State	1,225.35	4,550.10	-3,324.75	-73.1%
5204181 · Computer Development Serv-State	4,357.10	690.00	3,667.10	531.5%
5204200 · Central Services	7,020.96	6,566.95	454.01	6.9%
5204220 · Equipment Service & Maintenance	28.57	33.40	-4.83	-14.5%
5204230 · Janitorial/Maintenance Services	1,611.00	1,564.08	46.92	3.0%
5204340 · Computer Software Maintenance	192.00	176.80	15.20	8.6%
5204460 · Equipment Rental	3,221.40	3,264.00	-42.60	-1.3%
5204490 · Rents Privately Owned Property	15,233.40	15,233.40	0.00	0.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2017 through June 2018

	Jul '17 - Jun 18	Jul '16 - Jun 17	\$ Change	% Change
5204510 · Rent-Other	0.00	318.04	-318.04	-100.0%
5204530 · Telecommunications Services	5,059.00	3,709.66	1,349.34	36.4%
5204540 · Electricity	717.63	671.79	45.84	6.8%
5204560 · Water	131.75	128.75	3.00	2.3%
5204590 · Insurance Premiums/Surety Bonds	1,393.93	569.50	824.43	144.8%
5204740 · Bank Fees and Charges	4,901.36	5,028.50	-127.14	-2.5%
5204960 · Other Contractual Services	431.10	967.40	-536.30	-55.4%
5205020 · Office Supplies	1,231.44	675.32	556.12	82.4%
5205310 · Printing State	132.75	0.00	132.75	100.0%
5205320 · Printing/Duplicating/Binding Co	279.86	328.61	-48.75	-14.8%
5205350 · Postage	1,007.20	2,036.17	-1,028.97	-50.5%
5207900 · Computer Hardware	0.00	26.71	-26.71	-100.0%
5207960 · Computer Software Expense	0.00	544.59	-544.59	-100.0%
5228000 · Operating Transfers Out-NonBudg	6,183.74	5,827.61	356.13	6.1%
Total Expense	217,884.10	204,093.87	13,790.23	6.8%
Net Ordinary Income	56,856.35	12,860.93	43,995.42	342.1%
Other Income/Expense				
Other Expense				
5228090 · SecuritiyLendingRebateFees	0.00	10.00	-10.00	-100.0%
Total Other Expense	0.00	10.00	-10.00	-100.0%
Net Other Income	0.00	-10.00	10.00	100.0%
Net Income	56,856.35	12,850.93	44,005.42	342.4%

REPORT TO BOARD ON NASBA ANNUAL MEETING

The Annual Meeting for NASBA will be held October 28-31, 2018. The location of the meeting will be in Scottsdale, AZ.

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

FY20 BUDGET WORKSHEET							
			State Act	QB Act	FY19	Expand-	FY20
Income	Description	FY17	FY18	FY18	Budget	Reduce	Budget
4293550	Initial Individual Certificate	2,800.00	2,100.00	2,650.00	2,500.00	0.00	2,500.00
4293551	Cert Renew-Active	61,280.00	53,050.00	72,050.00	60,000.00	2500.00	62,500.00
4293552	Cert Renew-Inactive	19,900.00	16,150.00	23,050.00	21,000.00	0.00	21,000.00
4293553	Cert Renew-Retired	1,310.00	800.00	1,500.00	1,250.00	150.00	1,400.00
4293554	Initial Firm Permit	800.00	750.00	800.00	700.00	0.00	700.00
4293555	Firm Permit Renew	13,900.00	11,700.00	16,400.00	14,500.00	0.00	14,500.00
4293557	Initial Audit	4,548.45	5,196.75	720.00	900.00	0.00	900.00
4293558	Re-exam Audit	15,340.02	15,923.20	2,250.00	2,460.00	0.00	2,460.00
4293560	Late Fee-Initial Certificate	100.00	250.00	250.00	0.00	0.00	0.00
4293561	Late Fees-Cert Renew	2,750.00	3,050.00	3,250.00	3,000.00	0.00	3,000.00
4293562	Late Fees-Firm Permits	0.00	0.00	0.00	0.00	0.00	0.00
4293563	Late Fees-Firm Perm Renewals	400.00	450.00	450.00	500.00	0.00	500.00
4293564	Late Fees- Peer Review	1,100.00	850.00	1,100.00	1,300.00	0.00	1,300.00
4293566	Firm Permit Owners	108,680.00	91,790.00	130,105.00	109,000.00	0.00	109,000.00
4293567	Peer Review Admin Fee	5,175.00	4,350.00	4,725.00	5,500.00	0.00	5,500.00
4293568	Firm Permit Name Change	275.00	250.00	250.00	100.00	0.00	100.00
4293569	Initial FAR	8,317.02	11,251.05	1,530.00	1,140.00	0.00	1,140.00
4293570	Initial REG	5,787.69	5,451.75	840.00	660.00	0.00	660.00
4293571	Initial BEC	7,335.54	4,640.55	660.00	930.00	0.00	930.00
4293572	Re-Exam FAR	14,858.50	11,011.10	1,590.00	1,860.00	0.00	1,860.00
4293573	Re-exam REG	15,727.85	15,593.65	2,130.00	2,310.00	0.00	2,310.00
4293574	Re-exam BEC	13,564.42	9,621.93	1,320.00	2,310.00	0.00	2,310.00
4491000	Interest and Dividend Revenue	5,466.12	5,470.45	5,470.45	4,500.00	500.00	5,000.00
4896021	Legal Recovery Cost	1,050.00	1,650.00	1,650.00	1,000.00	0.00	1,000.00
4950	Refund Prior Years Expenses	0.00	695.00	0.00	0.00	0.00	0.00
	Total Income	310,465.61	272,045.43	274,740.45	237,420.00	3,150.00	240,570.00
			State Act	QB Act	FY19	Expand-	FY20
Expenses -Sal & Benefits		FY17	FY18	FY18	Budget	Reduce	Budget
5101010	F-T Emp Sal & Wages	59,087.52	62,464.00	62,463.74	82,258.00	0.00	82,258.00
5101020	P-T Emp Sal & Wages	23,376.59	26,431.00	26,431.24	43,000.00	0.00	43,000.00
5101030	Board & Comm. Members	4,860.00	5,220.00	5,220.00	4,739.00	0.00	4,739.00
5102010	OASI - Employers	5,920.08	6,388.00	6,388.24	9,582.00	0.00	9,582.00
5102020	Retirement - Employers	4,947.78	5,334.00	5,333.81	7,515.00	0.00	7,515.00
5102060	Health Insurance	17,506.77	19,898.00	19,898.40	8,470.00	0.00	8,470.00
5102080	Workers Comp	98.77	160.00	159.90	213.00	0.00	213.00
5102090	Unemployment	31.94	40.00	40.05	125.00	0.00	125.00
	Sal & Benefits Totals	115,829.45	125,935.00	125,935.38	155,902.00	0.00	155,902.00
			State Act	QB Act	FY19	Expand-	FY20
Expenses - Operational		FY17	FY18	FY18	Budget	Reduce	Budget
5203010	Auto - State Vehicle	111.55	0.00	0.00	400.00	0.00	400.00
5203020	Auto Private In State -employees	364.78	206.00	103.04	400.00	0.00	400.00
5203030	Auto Private In State- Board	729.12	672.00	767.76	1,500.00	0.00	1,500.00
5203100	Lodging In State	564.10	218.00	218.00	1,000.00	0.00	1,000.00
5203120	Incidentals to Travel- In State	25.00	10.00	10.00	100.00	0.00	100.00
5203140	Meals Not Overnight - In State	11.00	11.00	11.00	100.00	0.00	100.00
5203150	Meals Overnight - In State	305.00	237.00	143.00	400.00	0.00	400.00
5203230	Auto Private Out of State - Board	487.20	795.00	0.00	100.00	0.00	100.00

5203260	Air Travel-Out of State	5546.88	3,688.00	2,981.98	6,500.00	0.00	6,500.00
5203280	Other Public Transp Out of State	545.10	542.00	492.99	700.00	0.00	700.00
5203300	Lodging Out of State	7682.90	8,071.00	6,364.16	9,000.00	0.00	9,000.00
5203320	Incidentals to Travel- Out of State	443.00	391.00	327.00	500.00	0.00	500.00
5203350	Meals Overnight - Out of State	654.00	809.00	615.00	1,000.00	0.00	1,000.00
5204010	Subscriptions	557.58	603.00	602.58	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	0.00	7,200.00	7,200.00	7,300.00	0.00	7,300.00
5204050	Computer Consultant - Database	0.00	18,744.00	9,170.61	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	6255.00	5,827.00	5,132.06	6,500.00	0.00	6,500.00
5204180	Computer Services - State	4981.80	1,232.00	1,225.35	5,000.00	0.00	5,000.00
5204181	Computer Dev. State	0.00	4,231.00	4,357.10	2,000.00	0.00	2,000.00
5204200	Central Services	6493.03	7,095.00	7,020.96	9,000.00	0.00	9,000.00
5204220	Equipment Service & Maint	885.40	838.00	28.57	300.00	0.00	300.00
5204230	Janitorial	1564.08	1,611.00	1,611.00	1,650.00	50.00	1,700.00
5204340	Computer-Tech Support	176.80	192.00	192.00	2,000.00	0.00	2,000.00
5204360	Advertising-Newspaper	0.00	0.00	0.00	1,000.00	0.00	1,000.00
5204440	Newsletter Publishing	0.00	0.00	0.00	100.00	0.00	100.00
5204460	Equipment Rental	2412.00	2,412.00	3,221.40	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	15,233.00	15,233.40	15,734.00	835.00	16,569.00
5204510	Rents-Other	318.04	0.00	0.00	500.00	0.00	500.00
5204530	Telecommunications	3562.78	5,146.00	5,009.15	4,500.00	0.00	4,500.00
5204540	Electricity	671.23	691.00	717.63	865.00	0.00	865.00
5204560	Water	134.10	0.00	131.75	240.00	0.00	240.00
5204590	Insurance Premiums	569.50	1,425.00	1,393.93	1,710.00	0.00	1,710.00
5204740	Bank Svc Chrg (Credit Card Fees)	5028.50	4,901.00	4,901.36	6,500.00	0.00	6,500.00
5204960	Other Contractual - NASBA	67469.36	72,440.00	431.10	0.00	0.00	0.00
5205020	Office Supplies	264.97	794.00	1,231.44	7,000.00	(4000.00)	3,000.00
5205028	Office Supplies	410.35	509.00	0.00	0.00	0.00	0.00
5205310	Printing/Copying State	0.00	133.00	132.75	250.00	0.00	250.00
5205320	Printing Commercial	304.46	173.00	279.86	1,000.00	0.00	1,000.00
5205330	Supplement Publications & Ref	0.00	0.00	0.00	700.00	0.00	700.00
5205340	Microfilm Supplies & Material	0.00	0.00	0.00	0.00	0.00	0.00
5205350	Postage	2036.17	1,007.00	1,007.20	2,000.00	0.00	2,000.00
5207430	Office Machines	0.00	0.00	0.00	100.00	0.00	100.00
5207900	Computer	0.00	0.00	0.00	4,800.00	2000.00	6,800.00
5207901	Computer Hardware	0.00	0.00	0.00	0.00	0.00	0.00
5207905	Computer Systems	0.00	0.00	0.00	0.00	0.00	0.00
5207950	Computer Hardware	0.00	0.00	0.00	1,000.00	0.00	1,000.00
5207955	Computer Hardware	0.00	0.00	0.00	500.00	0.00	500.00
5207960	Computer Software	0.00	0.00	0.00	500.00	0.00	500.00
52079610	Computer Software	666.30	0.00	0.00	0.00	0.00	0.00
5228000	DOL Overhead Allocated Fees	5827.61	6,184.00	6,183.74	6,000.00	0.00	6,000.00
5228030	Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
	Object Totals	146,742.09	177,721.00	91,898.87	134,649.00	-1,115.00	133,534.00
	Total Expenses	262,571.54	303,656.00	217,834.25	290,551.00	-1,115.00	289,436.00
	Net Income (Loss)	47,894.07	-31,610.57	56,906.20	-53,131.00	4,265.00	-48,866.00

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Database update

We have been using the new database since May 21. We have been meeting with GL once a week which started in August. We will continue to report defects through the warranty (stabilization period) and have also moved into our maintenance agreement with GL.

Renewals for individuals and firms

Paper renewal forms were available on our website on June 14, 2018. Online renewals opened June 22, 2018. Renewals are due August 1, 2018. Here are the results of renewals through 8-7-18.

Entity	Renewed thru 7/31/2018	Pending renewals thru 7/31/2019	Completed renewals thru 7/31/2019
Firms	281	22	239
Individuals – Active	1262	49	1192
Individuals – Inactive	380	35	358
Individuals – Retired	120	20	100

Administrative Rules

These rules are also listed in the discussion points with the SD CPA Society. I would like to discuss briefly on thoughts of if/when changes to our rules would be appropriate.

CPE Standards

Nano Learning (NASBA Registry only)

CPE credit hours (nano hours -0.2 increments, 0.5 CPE increments)

Blended learning

Sponsors - (moving self-study and independent study to NASBA registry only)

Peer review -Possible open discussion for public in attendance.

South Dakota Peer Review program (20:75:07)

Off-site requirement (20:75:07:08)

CPA Exam

Removing the language on windows (20:75:02:03, 20:75:02:14, 20:75:02:20)

Waive Certain Requirements (20:75:01:07)

Add military deployment

Board Audit

The Board is in position where an audit on the two years ending June 30, 2018 could be engaged. The Board needs to determine how they would like to move forward in regards to this matter.

Board Discussion

- Any New Business/topics?

DISCUSSION WITH SD CPA SOCIETY

Discussion Points

1. Pathway discussion
2. Educator's conference
3. Occupational licensing (2018 session Interstate Compact for the Temporary Licensure of Professionals HB1319)
4. Peer Review –administrating entity/decline in reviewers/proposal of discontinuing South Dakota peer review program
5. Proposed legislation/rule changes
 - a. Definition of Attest (statute change)
 - i. Current wording SDCL 36-20B-2 Statements on standards to be adopted. For the purposes of this chapter, attest means providing the following financial statement services:
 - ii. Proposed change SDCL 36-20B-2 Statements on standards to be adopted. For the purposes of this chapter, attest means providing the following financial statement services:
 - b. CPE Standards (rule changes – effective date open for discussion)
 - i. Nano Learning (NASBA Registry only)
 - ii. CPE credit hours (nano hours (0.2 increments, 0.5 CPE increments)
 - iii. Blended learning
 - iv. Sponsors - (moving self-study and independent study to NASBA registry only)
 - c. Peer review
 - i. South Dakota Peer Review program(20:75:07)
 - ii. Off-site requirement (20:75:07:08)
 - d. CPA Exam
 - i. Removing the language on windows (20:75:02:03, 20:75:02:14, 20:75:02:20)
 - e. Waive Certain Requirements (20:75:01:07)
 - i. Add military deployment
6. Open discussion for other topics



AICPA BOARD OF EXAMINERS (BOE) MEETING HIGHLIGHTS

May 31 – June 1, 2018

Participants

BOE Members: Diego Baca, Doug Behn, Barry Berkowitz, Alison Cheng, Al Cohen, Jeanne Dee, David de Silva, Evan DeFord, Jeff Hoops (Chair), Audrey Katcher, Helen Brown-Liburd, Ola Smith, Dan Sweetwood, Michael Watts, Tom Weirich, Jim Wollack

SBC (State Board Committee) Members: Jim Abbott, Kent Absec, Michael Barton, William (Hunter) Cook, David de Silva (Chair), Nicole Kasin, Voloria Kelly, Michael Rollage, Katrina Salazar

AICPA Staff: Taryn Bauer, Michael Cannon, Sue Coffey, Michael Decker (Staff Liaison), Elizabeth Forman, Michael Horan, Rich Gallagher, John Mattar, Robin Stackhouse, Jessie Sullivan-Drayton, Lauren Walter, Joel White

NASBA ERB Staff: Sheena Murphy

NASBA-AICPA-Prometric Enterprise Program Manager: Bill Emmer

For the first time ever, the BOE held a joint orientation session with new members from the BOE and the State Board Committee (SBC) on Wednesday, May 31st. This orientation session included the traditional visit to a Prometric test center. All of the new members thoroughly enjoyed the site visit as well as the orientation session and it was recommended that interested state board members schedule their own Prometric test center visit in their state where possible.

David de Silva, Chair of the State Board Committee (SBC), led a discussion on recent state board developments related to the CPA Exam, including:

- Some states continue to grant 3-month (1-window) extensions to the candidates impacted by the 17Q2 score hold, the 2018 score holds, and the NASBA Gateway launch. PA and NJ appeared to be more lenient than other states, but all states required specific information regarding an impact. Extensions for test difficulty, work schedules, etc. were not granted.
- Continued presentations and information sharing by both the AICPA and NASBA on the exploration of alternative pathways is strongly recommended. The state boards want to be at the table as the Exam and CPA licensure are embedded in law and any changes need to be fully vetted with the regulators.
- Simplifying rules and regulations and removing barriers to entry was a theme of activity for multiple state boards. Many state boards are also being challenged with deregulation attempts and anti-regulation discussions.
- State boards are supportive of the continuous testing proposal, but may be challenged in changing either their rules or legislation to allow for continuous testing and to allow retesting of a failed section within a window, although the concept of a testing window would no longer be applicable. It was not clear whether an "Administrative Act", like the one executed to extend the testing windows by 10 days, could be executed for continuous testing.



- It was reconfirmed that the Exam was owned by the Institute (AICPA) and the Exam team remains singularly focused on the success of the Exam and compliant with the tri-party agreement.

Jim Wollack, Chair of the Psychometric Oversight Committee (POC), reported on the POC's collaboration with the AICPA's psychometric staff and external consultants on their review of the Exam. The POC reviewed the data on the content overlap that will slightly increase if continuous testing and the ability for a candidate to retest a failed section within a quarter are adopted. The candidate will not see the same exact panel, but there will be slightly more content overlap than there is today.

The POC unanimously agreed that the forecasted content overlap was within reason and posed no increased risk of measurement error.

The POC continues to focus on candidate timing. Candidates spent less time on the TBSs (task-based simulations) starting in 18Q2. This was likely due to the increased efficiency fostered by the updated AICPA test delivery software.

Doug Behn, Chair of the Content Committee (CC), reported that the CC and its section subcommittees, in collaboration with the AICPA staff, continue to develop content for the updated blueprints. They are closely monitoring the re-authoring of all the items in the sections so that they interface properly with the April 2018 test delivery software. The section subcommittees are requesting items be developed in high attrition areas.

The subcommittees continue to work tirelessly adapting the content to the new tax law. They have reviewed over 1,500 MCQs and 100 TBSs in the REG section to ensure the REG section is on time to assess the new tax law effective January 2019.

The BEC subcommittee is working on a restructuring of the BEC blueprints, especially in the IT content areas. It is expected that the BEC blueprint enhancements will make it clearer for candidates to understand what is being assessed. The tentative schedule for the BEC blueprint updates is to have them updated and approved in 2018, notify candidates and review course providers in January 2019, and launch the new blueprints in July 2019.

Barry Berkowitz, BOE Financial Oversight Group (FOG) Chair and Michael Decker, VP of Examinations, reviewed the 2018 actuals and YTD figures and forecast with the BOE. Sections scored are estimated to be down 15,000 sections this year from our forecast of 235,000 scored sections. This is likely due to the positive surge of candidates in early 2017, candidates delaying testing while scores are being held, potentially reduced firm hiring, and some candidate impact in the launch of the Gateway. We will monitor 18Q3 and 18Q4 scheduling and expect total volumes to rebound.

We remain on target with the breakeven contract.



Robin Stackhouse, AICPA Director of Examination Development and Production, reported on the successful launch of the new AICPA test delivery software on April 1, 2018. Aside from a single typo in a TBS, the launch was flawless with unanimously positive feedback from candidates.

NASBA – AICPA – Prometric continue to research and work to reduce the candidate restart rate (currently between 5 – 7%) back to the normal 3% rate.

Sue Coffey, AICPA Executive Vice President of Public Practice, engaged the BOE in a discussion on the future of the profession, the future of audit, audit quality, firm hiring and technical needs, alternative pathways, and audit data automation.

Richard Gallagher, AICPA Senior Director of Examination Content, engaged the BOE in a discussion on the future of audit, the impact of blockchain, AI, and big data on the audit, firm hiring and technical needs at the 2-year level, technological innovation, remote audit, and other areas that have a likely impact on the future content of the CPA Exam. The Exams Team will not officially start a new practice analysis on the Audit section of the Exam, but preliminary research and firm interviews will continue. The BEC subcommittee is currently reviewing the IT areas of the BEC blueprint and an updated BEC blueprint will likely be announced later in 2018 and launched in 2019.

Michael Decker, AICPA Vice President of Examinations, provided the BOE with an update on our strategic planning initiatives, including continuous testing, developing a minimal viable product for practice tests, candidate journey mapping, website and communication updates, and a joint BOE and Content Committee meeting planned for 2019.

The BOE also discussed what, if any, disruptions (e.g., support for multiple pathways, audit analytics, etc.) could have the potential to impact the structure of the Exam and what, if anything, should we be prepared to implement.

Sheena Murphy, NASBA’s Director of the Examination Review Board (ERB), shared with the BOE that the interim audit work was complete and successful and the audit work continues.

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors

April 27, 2018 - Belmond Charleston Place, Charleston, SC

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 Theodore Long, Jr., at 9:00 a.m. on Friday, April 27, 2018 at the Belmond Charleston Place in Charleston, SC.

Chair Long welcomed Pacific Regional Director Katrina Salazar on the phone and explained that efforts were being made to ease the travel restrictions that prevented her from attending this meeting in person. President Bishop said NASBA would work within California's guidelines to ensure Ms. Salazar's ability to be present at the next meeting of the Board of Directors.

2. Report of Attendance

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

Officers

Theodore W. Long, Jr., CPA (OH), Chair
Janice L. Gray, CPA (OK) Vice Chair
Telford A. Lodden, CPA (IA), Past Chair
Jimmy E. Burkes, CPA (MS), Treasurer
W. Michael Fritz, CPA (OH), Secretary

Directors-at-Large

J. Coalter Baker, CPA (TX)
Maria E. Caldwell, CPA (FL)
John F. Dailey, Jr., CPA (NJ)
Tyrone E. Dickerson, CPA (VA)
Raymond N. Johnson, CPA (OR)
Rick Reisig, CPA (MT)
E. Kent Smoll, CPA (KS)

Regional Directors

Catherine R. Allen (NY), Northeast Regional Director
C. Jack Emmons, CPA (NM), Southwest Regional Director
Sheldon P. Holzman, CPA (IL), Great Lakes Regional Director
Sharon A. Jensen, CPA (MN), Central Regional Director
Nicola Neilon, CPA (NV), Mountain Regional Director
Katrina Salazar, CPA (CA), Pacific Regional Director (via conference call)
Stephanie M. Saunders, CPA (VA), Middle Atlantic Regional Director

Casey Stuart, CPA (TN), Southeast Regional Director
Randall Ross, CPA (OK), Executive Directors Committee Liaison

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 Kenny, Director - Communications
Troy Walker, CPA, Controller
Noel L. Allen, Esq., Outside Legal Counsel
Patricia Hartman, Director – Compliance Services

3. Approval of the Minutes

Secretary W. Michael Fritz presented the minutes of the January 12, 2018 meeting of the Board. With the addition of Director-at-Large Rick Reisig to the list of attendees, the minutes were unanimously approved on a motion by John F. Dailey, seconded by Tyrone E. Dickerson.

4. Report of the Chair

Chair Long reported he had moved the discussion of operational issues into the meeting of the Administration and Finance Committee and had focused the meeting of the Executive Committee on policy issues, rather than reporting. During the Executive Committee's meeting they spoke about peer review, the technology pathway, the Reorganization Impact Task Force's efforts, and conversations with the AICPA. These topics would be discussed further with the Board. He thanked the NASBA Committees for submitting their written activity reports in preparation for this Board meeting, noting that the activity reported on in the first period of 2018 had been low because of busy season.

In the last quarter, Chair Long reported he had attended the North American Summit in Mexico City, along with other representatives of NASBA, along with representatives of CPACanada, the AICPA and the Instituto Mexicano de Contadores Públicos. He participated in the signing of the mutual recognition agreement with the Institute of Chartered Accountants of Scotland. He attended the AICPA/NASBA leadership summit and listened to many NASBA committees' conference calls.

5. Report of the President

President Bishop and Vice President and COO Colleen Conrad reported:

- Financial Accounting Foundation President & CEO Terri Polley and Governmental Accounting Standards Board Chairman David A. Vaudt visited NASBA's Nashville offices, as did a group from the University of Tennessee.
- To be a good corporate citizen, charitable contributions are being made by NASBA to the Nashville community. This includes lending support to Big Brothers, Big Sisters, Adventure Science Center, Meals on Wheels and a local animal shelter.

- The new Guam testing center has opened, with a design scheme similar to the Nashville offices. In September, the New York NASBA office is scheduled to relocate to a different floor in the current building, and that will also have a similar design theme. AICPA's Professional Ethics Executive Committee and other outside groups have met in the new large meeting space in the Nashville headquarters, and additional groups are scheduled.
- Congratulations to the Executive Directors Committee and their Chair Randy Ross on having presented a great 36th Annual Conference for Executive Directors and Board Staff (March 13-15 in Destin, FL), including representatives from 22 State CPA Societies.
- The new Gateway system was launched on March 3, with a score release immediately following. For more than 90 percent of the candidates the release went well and was, in fact, ahead of schedule. Four Boards experienced a delay of a couple of hours for the score release and three had up to a 72-hour delay. Areas of initial challenges have been addressed.
- The CPE audit tool is on target for release in the spring of 2019. The rules engine service offering was completed in February. Contracts are now being signed for its use and implementation is underway.
- Outreach to the PCAOB staff has continued as new commissioners have been appointed. The PCAOB staff expressed interest in what NASBA was doing about NOCLAR. Conversations were held with incoming IFAC President Kevin Dancey and IESBA Chair Stavros Thomadakis. Ms. Conrad participated in the Monitoring Group's Washington, DC, roundtable session on standard setting. President Bishop observed that representatives of other professional bodies are reaching out to NASBA to develop relationships.
- Plans are underway to allow candidates to take the Uniform CPA Examination in specified Prometric testing centers in England, Germany, Ireland and Scotland. Such testing locations would be available to candidates from the United States and EU countries, plus Norway, Switzerland and Russia. Press releases containing specific information will be sent out when logistics are finalized.
- Exploration regarding the possibility of shifting to a continuous testing model for the Uniform CPA Examination is currently underway. If feasible, this would be responsive to the candidates' desire to test in June and December.
- NASBA and AICPA are working to support the Louisiana Board relative to pending legislation. Requests for help from other states have resulted in support from NASBA staff and, legal support from NASBA outside counsel.
- The Center for the Public Trust has established six new student chapters.
- The Missouri Board of Accountancy is using the CPT Ethics Certification Program for enforcement purposes and multiple other State Boards are considering similar applications.

6. Report of the Vice Chair

Vice Chair Janice Gray reported that she had listened to several of the committees' conference calls and attended both the international summit in January in Mexico City and the summit with the AICPA in February. She will hold her initial 2018-19 committee planning meeting May 16-18, hoping to finalize the new committee rosters by the end of August.

7. Report from Director of Client Services

Patricia Hartman, NASBA Director of Client Services, reported to the Board that CPA Examination Services now handles examination services for 32 Boards, and provides licensing services for 11. Over 50 Boards have approved the use of the NASBA International Evaluation Service, 20 of those approving NIES as the sole provider of such service.

The Gateway launch was generally successful, but Ms. Hartman said her team had learned they must have clearer communication with all stakeholders. The rewritten Gateway has addressed issues with data integrity, ensures greater data security, and provides better audit trails for making changes to any data. Overall, she has observed that the workflow in Client Services is now subject to more rigor. For the two weeks following the launch, candidate call volume was 2.5 times greater than normal. Phone capacity was increased to meet the demand and, subsequently, call volume has decreased and returned to normal levels.

In anticipation of expanding the availability of the Uniform CPA Examination into European test centers, Ms. Hartman reported her department is working with legal counsel to ensure the application process includes the required information on informed consent for all candidates applying to test in international locations.

8. Report of the Administration and Finance Committee

Treasurer Jimmy Burkes reported the Investment Committee met on April 25 and reviewed good results given the market's volatile performance in the first quarter. During the meeting, the Investment Committee began the annual process of reviewing the investment policy statement. Some changes are expected in order to better align the policy with the Uniform Prudent Management of Institutional Funds Act. Mr. Burkes indicated that additional changes in the policy structure may occur based on discussions that transpired during the Investment Committee's meeting. Any recommended changes will be presented to the NASBA Board for approval upon acceptance by the A&F Committee. NASBA's revenue was down for the first seven months because of lower volume on CPA testing and associated revenue, Mr. Burkes noted. However, he pointed out that expenses were also down as leadership is doing a good job of controlling costs. NASBA came out with a positive operating income for the first seven months of approximately \$600,000. After including investment income of \$1.6 million, the consolidated year-to-date net excess was \$2.2 million.

After presenting a year-over-year Statement of Financial Position comparison to the Board, Chief Financial Officer and Senior Vice President Michael Bryant noted that it is going to be a challenge to achieve the fiscal operating budget this year. Last year, NASBA experienced a greater than anticipated revenue increase as a result of the then impending examination changes. Consequently, he continued, in the current year there has been a prolonged delay in attaining previous candidate volumes. This was amplified by score reporting delays during the first part of calendar 2018. However, he said NASBA leadership is confident that candidate volumes will return as supported by recent projections. President Bishop remarked that although the fiscal year will be below expectations, the calendar year will be more typical in terms of annual volumes.

Reporting on facilities, Mr. Bryant updated the Board on how capital expenditures compared to budget, particularly regarding the completed Guam relocation and the partial 8th floor build-out. Candidates are now using the new Guam testing center, which has received positive candidate response due to the location and the upgrade of the facilities. The only negative reported at the new facility has been an issue with traffic noise which is being addressed and may require some small incremental leasehold improvements. NASBA was able to negotiate two extra months of free rent at the new facility due to it not being available to begin testing in January. Mr. Bryant summarized the facilities report by showing the Board recent pictures of the Guam and Nashville facilities.

Mission spending for the year is projected to be \$10.3 million, which is unchanged from the budget, Mr. Bryant noted. President Bishop commented that, although revenue is down, planned mission spending has not been changed. He anticipates NASBA will set a record on mission spending this year.

On a motion by Mr. Burkes, seconded by Stephanie Saunders, the Board unanimously approved the A&F Committee's recommendation to accept the financial statements.

9. Report from the Executive Directors Committee

Executive Directors Committee Chair Randy Ross reported he is hearing from the State Boards' Executive Directors that there is still skepticism about the CGMA, how the peer review program's administrative entities revision was announced, and the significance of the AICPA's reorganization. The technology pathway is the top issue now for the executive directors, Mr. Ross said. There is interest in what the Reorganization Impact Task Force is learning.

Mr. Ross said he is talking with State Society Relations Committee Chair Stephanie Peters about the State Societies continuing to participate in the Executive Directors Conference in 2019.

10. Report of the International Qualifications Appraisal Board

IQAB Chair Sharon Jensen presented the mutual recognition agreement developed by IQAB with CPA Australia for the Board's approval. She explained that this is the first agreement to contain a limitation on the citizenship/legal residence of the covered credential holders. As the IQAB has done its due diligence on the CPA Australia credential holders' education, experience and examination for those coming through university programs in Australia and New Zealand, the IQAB members could not decide how to address those coming from university programs that were not substantially equivalent to those in the U.S. An additional element that IQAB considers is business culture/economic environment. While CPA Australia has a relationship with the regulators in Australia and New Zealand, it does not have a similar relationship with the many offshore regulators from where its credential holders come. When IQAB requires a letter of good standing, to ensure there are no enforcement actions against an individual, there is no clear path for obtaining this for the 27 percent of the CPA Australia members who come from outside those two countries.

Ms. Jensen reviewed the provisions of the proposed mutual recognition agreement. In New Zealand, US experience qualifies to obtain the right to do a public audit; however, in Australia only a portion of US experience would qualify. This would be an issue that would continue to be under discussion during the five-year term of the agreement, to be settled by the renewal date. President Bishop pointed out this is the type of gap that this new format of agreements underscores for resolution.

On a motion by Ms. Jensen, seconded by Raymond Johnson, the agreement was unanimously approved.

11. Report of the Diversity Committee

Diversity Committee Chair Maria Caldwell directed the Board's attention to the proposed questionnaire in their background binder. She asked the Board members to let her know if they felt additional questions needed to be answered.

Ms. Caldwell said the committee encourages including a reminder about the importance of diversity at every NASBA meeting. The goal is to open the door so that everyone can walk in. Chair Long added that everyone is responsible for the diversity issue.

12. Report of the Education Committee

Education Committee Chair Raymond Johnson reported the committee had reviewed 17 accounting education research grant applications and selected four to share in the \$25,000 NASBA grant program. All four of the selected research projects deal with candidate pipeline issues. Dr. Johnson presented the four grant proposals and made a motion that all four be funded. This included:

- *Reading Ability and Success in Accounting Program* – Helen H. L. Choy, Drexel University, and Deirdre J. Derrick, American Board of Internal Medicine;
- *Giving Accounting a Second Chance: Factors Influencing Returning Students to Choose Accounting and Become CPAs* – Veena L. Brown and Amy C. Tegeler, both at the University of Wisconsin- Milwaukee;
- *An Examination of the De-Motivational Factors Inhibiting Hispanic Students' Participation in the CPA Exam* – Akinloye Akindayomi, Deborah Gonzalez and Linda G. Acevedo, all at the University of Texas Rio Grande Valley School of Accountancy;
- *Research Exploring Determinants of the Path to Becoming a Certified Public Accountant* – Bradrick Cripe, Ann Dzuranin, Linda Matuszewski, and Rebecca Shortridge, all at Northern Illinois University.

Tyrone Dickerson seconded the motion. The Board unanimously voted to accept the recommendations of the Education Committee to award the NASBA education research grants to the four research teams.

Dr. Johnson next brought the Board up-to-date on discussions being held with the AACSB. On April 16 the AACSB deans had voted by an overwhelming majority to approve new accreditation standards that had been worked on with NASBA's and the AICPA's input. Beginning next year, the AACSB's review visitations to the member schools will include

accounting practitioners, and there will be practitioner participation from the top to the bottom of the AACSB's governance, Dr. Johnson reported. There will also be more flexibility relating to faculty qualifications. There will be quality control over teaching modalities – determining if the faculty is delivering what they need to deliver.

Another change is the technology piece of the AACSB's accounting accreditation, Dr. Johnson stated. A piece on data analytics (what does it mean – text analysis, learning analytics, etc.) and four examples were added.

The AACSB standards now talk about developing “technological agility,” the ability for students to be nimble to change as technology does. This could be delivered in the accounting or business program. About one-third of the candidates in the Uniform CPA Examination pipeline graduate from AACSB schools with accounting accreditation. The changes have tied the accounting school standards to the business school standards, which are also changing simultaneously in a positive way, Dr. Johnson commented.

He described a proposal to use NASBA's Executive Directors' portal to allow Boards of Accountancy to report on academic integrity issues encountered with schools. NASBA could serve as a clearing house to each of the three programmatic accrediting bodies' complaint processes. Dr. Johnson said he would report back to the Board on the progress of this proposal.

On the transcript transparency issues, Dr. Johnson said he has been dealing directly with the group responsible for transcripts and has received no answers. This is still a challenge.

13. Committee on Relations with Member Boards

Committee on Relations with Member Boards Chair Stephanie Saunders reported each of the Regional Directors had held a conference call with his or her Region in either January or February. She commended Mountain Regional Director Nicola Neilon and Southwest Regional Director Jack Emmons for having all their states respond to this quarter's Focus Questions.

Ms. Saunders said the talking points requested from the Executive Committee had worked out well and were helpful to the Regional Directors during their calls. They requested that similar talking points be prepared on issues for future calls, to ensure all Regional Directors are communicating the same information.

Plans for the June Regional Meeting include: giving those attending the new board member orientation sessions “homework” to prepare for the sessions; breaking up the “Not Quite Masterpiece Theatre” to get the new board members more involved; including a panel on diversity during the plenary session; and having a panel on sexual harassment to include electronic polling on the issues raised.

Chair Long said the Regional Directors would be provided with a brief summary of information relative to the Technology Pathway, to help them feel comfortable when speaking to their states about this proposal.

14. Report of the Compliance Assurance Committee and RITF

CAC Chair Jack Dailey reported that a major portion of the revised Model Rules on compliance assurance programs had been drafted by a joint CAC/UAA Committee task force. The one section that remains to be completed relates to PROCs.

Mr. Dailey, who also chairs the Reorganization Impact Task Force, reported he had been on a conference call with AICPA Vice President Mark Peterson and Ms. Conrad. NASBA received an initial draft response from the AICPA on April 26. On April 30 the RITF will hold a conference call with AICPA Vice President Sue Coffey and Mr. Peterson to discuss the draft response.

Ms. Conrad explained that the RITF is planning to share AICPA's response at the June NASBA Regional Meetings. The AICPA had been invited to be part of that presentation. Some of the contractual issues being raised in the posed questions are being resolved via calls between the AICPA and NASBA attorneys.

President Bishop reported that AICPA President Barry Melancon has agreed to meet with NASBA leaders via conference call to explain the AICPA's international strategies. Mr. Bishop said NASBA was surprised at some of the steps the AICPA is proposing to resolve some of the issues raised and he appreciates the AICPA's addressing these matters. President Bishop said he believes the information coming from the AICPA will give the Boards comfort.

15. Policy Discussion

Ms. Conrad outlined some of the core concepts of the proposed Technology Pathway to the CPA. The Board members asked questions about: who the target audience would be; would there be as much accounting education as currently required for the CPA; what would be the base line for certification; what would the core curriculum be; would the accountancy statute need to be opened; would those coming through the new pathway be able to sign audit reports; are other credentials already in the marketplace; is there a budget for marketing research; what has been the reaction of AICPA members to this proposal.

Stakeholder outreach is to continue through the AICPA/NASBA leadership summit meeting at the beginning of August and beyond. Ms. Conrad said a conference call with the Regional Directors prior to the Regional Meetings will be held to give them more details about the proposal to share during their Regional discussions.

Chair Long said the Board members would be kept updated on this project and all would receive information from this meeting to help them.

The Board then discussed the need for having an audit experience requirement. Differences among states' requirements were pointed out as well as what is being required internationally to sign audit reports. As the Technology Pathway is being discussed, it was thought this topic should also be addressed.

16. CPT Annual Meeting

The Board meeting was voted into recess to hold the Center for the Public Trust Board members' election. The NASBA Board unanimously approved the recommended candidates for

the CPT Board of Directors: Tommye Barie, Donald H. Burkett, Kevin James and Jeffrey P. Katz. The NASBA Board then went back into its session.

17. New Business

Treasurer Burkes reminded the Board that the CPT golf tournament will be held in Nashville on July 9 and he invited all to participate, or to just donate to the CPT.

18. Adjournment

There being no additional business, Coalter Baker moved to adjourn. Kent Smoll seconded and all moved to adjourn. The meeting was adjourned at 4:22 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

**Highlights of the Board of Directors Meeting
July 20, 2018 – San Diego, CA**

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, July 20, 2018 at the Rancho Bernardo Inn in San Diego, California, the Board took the following actions:

- Approved the Awards Committee's recommendations: Gaylen R. Hansen (CO) will be the recipient of the 2018 William H. Van Rensselaer Public Service Award; Harry O. Parsons (NV) will be the recipient of the 2018 NASBA Distinguished Service Award; and Susan L. Somers (KS) will be the recipient of the 2018 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2018 Annual Business Meeting on October 30.
- Accepted the slate of NASBA 2018-2019 officers and directors selected by the Nominating Committee as presented by Nominating Committee Chair Telford A. Lodden (IA). The election of officers and directors will be held at the Annual Business Meeting.
- Heard a summary of the Executive Committee's meeting from Chair Theodore W. Long, Jr. (OH). He congratulated the Regional Directors for their development and presentation of the successful 2018 NASBA Regional Meetings. In particular, he thanked them for encouraging the State Boards' feedback on the proposed technology pathway.
- Reviewed and approved distribution to the member Boards of the Bylaws Committee's proposed Bylaws changes on the authorization of voting delegates, rescinding of nominees, communication of deadlines, and other matters as presented by Bylaws 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 President and Chief Executive Officer Ken L. Bishop on the comments received from NASBA volunteers on the proposed technology pathway. The Executive Committee had noted the Boards' desire to address the changes to the profession proactively, but the majority of volunteers did not believe the technology pathway, as described, was the correct response. Additional study is to be continued by staff and volunteers.
- Heard a report from Committee on Relations with Member Boards Chair Stephanie M. Saunders (VA) that, based on comments received at the Regional Meetings from the member Boards and on other input from NASBA volunteers, the Regional Directors had determined to continue to offer two Regional Meetings in coming years.

- Learned from President Bishop that Wade A. Jewell, formerly executive director of the Virginia Board of Accountancy, will join the NASBA staff on August 1 as Director of NIES and President of AEQUO. President Bishop also announced the promotion of Thomas Kenny to Chief Communications Officer for NASBA and Ryan Hirsch to Vice President of the Center for the Public Trust.
- Accepted the May 2018 internal financial statements and approved NASBA's Fiscal 2019 consolidated operating and capital budgets as presented by Treasurer and Administration and Finance Committee Chair Jimmy E. Burkes (MS) and NASBA Senior Vice President and Chief Financial Officer Michael R. Bryant. The Board also approved the investment policy statement incorporating the changes proposed by the A&F Committee, as presented by Treasurer Burkes.
- Heard from NASBA Executive Vice President and Chief Operating Officer Colleen Conrad that information from the Wisconsin Board of Accountancy has been added to the Accountancy Licensee Database (ALD) and the Utah Board has signed a data sharing agreement as well. Both the Hawaii and Delaware Boards have approved participation in the ALD; however, the IT arrangements for those two jurisdictions have not yet been established. She also reported 27 jurisdictions now have CPE reciprocity and 25 jurisdictions have implemented firm mobility.
- Were notified by Reorganization Implementation Task Force Chair John Dailey (NJ) that the RITF appreciated the responses received from the American Institute of Certified Public Accountants to the Boards and the clarifying statements made by AICPA Executive Vice President Susan Coffey at the Regional Meetings. He encouraged the Boards to continue to monitor the activities promised by the AICPA to address any confusion created by the AICPA's reorganization, and advised the Boards to contact Executive Vice President Colleen Conrad should additional confusion or problems arise.
- Learned from Uniform Accountancy Act Committee Chair J. Coalter Baker (TX) that the AICPA/NASBA UAA Committee will be meeting with International Ethics Standards Board for Accountants (IESBA) Chair Stavros Thomadakis, a representative of the AICPA Professional Ethics Executive Committee and NASBA Ethics Committee Chair Catherine Allen (NY) on September 12-13 to learn about the issues surrounding ethics interpretations addressing NOCLAR (noncompliance with laws and regulations).

The next meeting of the NASBA Board of Directors will be held on October 26, 2018 in Scottsdale, Arizona.

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

NASBA

BYLAWS

Amended October 31, 2017

Effective November 1, 2017

[with proposed amendments by Bylaws
Committee as of June 21, 2018]

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NASBA Bylaws

(As Amended 2017 NASBA + Pending Amendments as of 6/21/18)

ARTICLE I – Name

The name of this organization shall be the National Association of State Boards of Accountancy, Inc. (hereinafter, the “Association”). The location of the Association’s principal office shall be within the continental United States as the Board of Directors shall determine.

ARTICLE II – Purpose

The purpose of the Association shall be to provide an organization to protect, promote, foster and advance the common interests and welfare of boards of accountancy of the various states of the United States, its territories and the District of Columbia. The Association shall provide a forum for the exchange of information and obtaining assistance in discharging such boards’ responsibilities for the administration of public accountancy laws and for the protection of the public interest as it is affected by the practice of public accountancy. The Association shall also promote the general welfare of its members for the accomplishment of the objectives herein above set forth. The Association shall not be organized for profit or organized to engage in a regular business of a kind ordinarily carried on for profit or carry on any activities which are inconsistent with the exempt status of organizations described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any successor law.

ARTICLE III – Membership

3.1 Member Boards.

3.1.1 The members of the Association shall be the boards, departments or instrumentalities confirmed by the Board of Directors as legally constituted by their respective states, territories and the District of Columbia of the United States of America to pass on the qualifications of, or to examine applicants for certification or licensure as, certified public accountants or similar licensed categories, or to regulate the practice of public accountancy within their jurisdiction.

3.1.2 Hereinafter the members of the Association shall be referred to as the “Member Boards.” In a jurisdiction where there is more than one board, department or instrumentality as defined above, they collectively shall constitute a single Member Board under the provisions of these bylaws.

3.2 Delegates.

All duly appointed or elected individuals who are members of the Member Boards as determined by the respective Member Board’s laws shall be Delegates of the Association. Delegates shall have the privilege of the floor and may propose motions, resolutions or other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees of the Association.

3.3 Associates.

All former Delegates or persons who have been members of Member Boards shall be deemed Associates of the Association provided that their dues, established in accordance with these bylaws, have been paid in full for the current fiscal year. Associate Dues will not be assessed for past NASBA Chairs and currently serving members of the Board of Directors. Associates shall have the privilege of the floor and may propose motions, resolutions

or other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees within the limitations established by these bylaws.

ARTICLE IV - Board of Directors and Officers

4.1 Board of Directors.

The business and affairs of the Association shall be under the direction of a Board of Directors.

4.2 Composition of Board of Directors.

The Board of Directors shall be composed of a Chair, Vice Chair, Past Chair, nine Directors-at-Large and a Regional Director from each Region established in accordance with the provisions of Article V of these bylaws. The Board of Directors shall also include the President and Chair of the Executive Directors Committee as *ex officio* non-voting members as provided in Sections 4.4 and 8.8, respectively.

4.3 Officers and Duties.

The Officers of the Board of Directors shall be a Chair, Vice Chair, Past Chair, Secretary and Treasurer. The Officers of the Board of Directors shall have the duties set forth herein. The duties of Directors shall be such as usually are attached to such offices and such other duties consistent with the provisions of these bylaws, resolutions or actions of the Member Boards at the Annual Meeting or any special meeting, or as may be determined from time to time by the Board of Directors. All members of the Board of Directors must meet the fiduciary duties of careful and prudent judgment, adherence to organizational purpose and rules, and avoidance of conflicts of interest. Neither Officers of the Board of Directors nor Directors shall receive compensation for their services to the Association.

4.3.1 Chair.

The Chair, when present, shall preside at all meetings in accordance with the latest edition of *Robert's Rules of Order, Newly Revised*, interpret these bylaws, appoint all committees that will be active during his or her tenure as Chair, and serve as an *ex officio* non-voting member of all committees except the Nominating Committee. The Chair may also designate the Vice Chair to serve as an *ex officio* non-voting member of any standing or non-standing committee other than the Nominating Committee or the CPA Examination Review Committee.

4.3.2 Vice Chair.

The Vice Chair shall, in the absence of the Chair, exercise the duties of and possess all the powers of the Chair. The Vice Chair shall also serve as a member of the Administration and Finance Committee. The Vice Chair may also be designated by the Chair as an *ex officio* non-voting member of any other standing and non-standing Committee other than the Nominating Committee or the CPA Examination Review Committee.

4.3.3 Secretary.

The Secretary shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Secretary shall perform the duties usual and incidental to the office that are required to be performed by law, and shall be responsible for the minutes of the Board of Directors. The Secretary may delegate to the President and other staff the actual

performance of any or all of the office's appropriate duties and authorize the President or staff to sign under their respective titles the correspondence conducted by them.

4.3.4 Treasurer.

The Treasurer shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Treasurer shall be responsible for the activities of the Administration and Finance Committee, and shall serve as its chair.

4.3.5 Regional Directors.

Regional Directors shall be elected as provided in Article VII, and shall be responsible for communications with the Boards of Accountancy in the Regions which they represent and for presiding over Regional Meetings.

4.3.6 Past Chair.

The Past Chair shall serve as chair of the Nominating Committee in accordance with Article VII of these bylaws.

4.4 President.

A President shall be appointed by the Board of Directors and shall serve as the Chief Executive Officer of the Association. The President shall manage the affairs of the Association and have such duties and responsibilities as the Board of Directors shall determine. The President shall be salaried and shall report directly to the Chair who, with the consent and approval of the Executive Committee of the Board of Directors, will assign duties and powers in his or her areas of responsibility. The President shall employ and terminate staff, enter into routine contracts, and obtain legal consultation. The President shall also serve without additional compensation, in such other capacity relating to the business of the Association to which he or she may be elected or appointed by the Executive Committee of the Board of Directors. The President may be removed with or without cause by a resolution of the Board of Directors. The President shall serve as an *ex officio* non-voting member of the Board of Directors and shall not be counted in determining the total number of authorized Directors. The President shall be granted the privilege of the floor at all meetings of the Association and the Board of Directors.

4.5 Qualification, Terms and Limitations of Office.

4.5.1 The Vice Chair and Directors shall be elected in accordance with these bylaws during the Business Session at Annual Meeting of the Association. The Vice Chair shall serve as such from the adjournment of the Business Session at the Annual Meeting at which he or she is so elected until the adjournment of the Business Session at the next following Annual Meeting, at which time he or she shall become Chair and shall serve as such until the adjournment of the Business Session at the next following Annual Business Meeting, at which time he or she shall become Past Chair and shall serve as a Director of the Association in accordance with the provisions of Section 4.2 of these bylaws.

4.5.2 No incumbent shall be elected to succeed himself or herself in the offices of Chair or Vice Chair.

4.5.3 No Past Chair shall be eligible to be re-elected as an Officer or Director.

4.5.4 Beginning with the 2016 Annual Business Meeting, Directors-at-Large shall be elected for three-year terms and may serve a maximum of two complete terms.

4.5.5 Regional Directors shall be elected for one-year terms and may serve a maximum of three complete terms.

4.5.6 A person who has succeeded, acceded to, or been appointed to fill a vacancy (serve an unexpired term) shall not have that service counted in the limitation of terms that can be served, provided that in no event shall an individual be eligible for election or appointment to fill an unexpired term if the individual has already served two complete terms as a Director-at-Large. No individual shall be eligible for appointment to the Board of Directors to fill more than one unexpired term.

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

4.5.8 All Regional Directors shall be Delegates at the time of or within six months prior to their election or appointment.

4.5.9 To be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of two years, but need not be a current member of the Board of Directors at the time of his or her election.

4.6 Vacancies.

4.6.1 A vacancy in the Chair position shall be filled by the Vice Chair.

4.6.2 A vacancy in the Vice Chair position shall be filled pursuant to Section 7.2.3. If necessary, the Chair shall continue to serve until this process is complete.

4.6.3 A vacancy in the Past Chair position shall not be filled until after the end of the current Chair's term.

4.6.4 All other vacancies on the Board of Directors shall be filled by the Board of Directors, and all such appointees shall serve the unexpired term of their predecessors in office.

4.7 Regular Meetings of the Board of Directors.

Regular meetings of the Board of Directors shall be held prior to the Annual Meeting of the Association and at such other times as the Board of Directors may designate.

4.8 Special Meetings of the Board of Directors.

The Chair may call special meetings of the Board of Directors at such time and place as he or she shall determine. Alternatively, the Chair shall call such special meetings at such time and place as may be designated in a written request of five or more members of the Board of Directors.

4.9 Notice and Waiver.

4.9.1 Notice of any regular or special meeting of the Board of Directors shall be sent by mail, e-mail, facsimile, telephone or shall be delivered personally or by other appropriate means to each Member Board and to each member of the Board of Directors, at his or her mailing address, as shown in the official records of the

Association, at least 21 days before such meeting if notified by mail, or five days if notified by other methods. Such notice, as far as practicable, shall contain a statement of the agenda for such meeting.

4.9.2 Meetings held and actions taken without notice as provided in these bylaws shall be valid if each member of the Board of Directors entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.

4.10 Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board of Directors. If a majority of Directors are not present at any meeting of the Board of Directors, the majority of the Directors present may adjourn the meeting to a stated time and place without further notice. The vote of a majority of Directors present and voting at any meeting at which there is a quorum shall be an act of the Board of Directors.

4.11 Telephone Meetings.

The Board of Directors or any committee of the Board of Directors may conduct its meetings by means of conference telephone or similar communications equipment provided that all persons participating in the meeting can communicate with one another, and participation in such a meeting shall constitute presence in person at such meeting.

4.12 Mail, E-mail, or Facsimile Ballot.

The Chair may submit any action to the Board of Directors for vote by mail, e-mail, facsimile ballot or other appropriate means, provided the subject matter has been previously reviewed and discussed by the Board of Directors. Only ballots returned in the prescribed time will be counted. Any action approved by a majority of the Board of Directors shall be an act of the Board of Directors and shall be recorded in the minutes of the Board of Directors.

4.13 Resignation or Removal.

4.13.1 Resignation.

Any Officer or Director may resign at any time by giving written notice to the Chair, the Secretary or the full Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance by the Chair, Secretary or Board of Directors.

4.13.2 Removal for Failure to Attend.

As a condition for election and service, any Any Officer or Director who shall fail to attend two consecutive regular meetings of the Board of Directors shall be automatically removed from the Board of Directors. The Board of Directors may waive such automatic removal if it shall by majority vote determine that such failure to attend was caused by sufficient circumstances to excuse such absence. The position of Officer or Director removed under this provision shall be filled in accordance with Section 4.6 of this Article.

4.13.3 Removal for Other Cause.

Any Officer or Director may be removed for any cause deemed sufficient as provided under Delaware law.

ARTICLE V - Regions

5.1 Purpose and Composition.

In order to establish closer communications between the Board of Directors and the Member Boards, as well as between Member Boards within geographical areas, and to assist the Association in achieving its stated purpose, all of the states, territories and the District of Columbia shall be divided into at least five, but not more than nine, geographical Regions. The names, number and composition of Regions shall be determined from time to time by the Board of Directors.

5.2 Representation.

A Regional Director shall be nominated and elected in accordance with Article VII of these bylaws to serve terms as provided in Section 4.5.5 to represent the Board of Directors within each Region and to perform such other duties as may be designated by the Board of Directors. Each Region shall, in accordance with Article VII, elect one Delegate or Associate as a member of the Nominating Committee to represent in person their Region on the Nominating Committee and one Delegate or Associate as an alternate to participate in person in the event that the member cannot attend the meeting.

5.3 Regional Meetings.

Each Region shall hold an Annual Regional Meeting not less than 60 days prior to the Association's Annual Meeting, at a time and place to be determined by the Board of Directors. The purposes of the Annual Regional Meeting are to facilitate communications, elect the members and alternates of the Nominating Committee pursuant to Article VII and to transact other business. Pursuant to Section 4.3.5, the Regional Director shall preside over a Regional Meeting. Unless the Regional Director is the Designated Voting Representative of a Member Board as described in Section 6.6.1 and 6.6.2, the Regional Director shall not have a vote at the Regional Meeting. In the event the Regional Director is unable to preside, the NASBA Chair shall designate a Delegate or Associate to preside.

ARTICLE VI - Meetings of the Association and Voting

6.1 Annual Meeting.

The Association shall hold an Annual Meeting at a time and place to be determined by the Board of Directors of the Association. The purposes of the Annual Meeting are to facilitate communications, elect the Vice Chair and Directors and to transact other business.

6.2 Special Meetings.

The Chair shall call special meetings of the Association when requested to do so by the Board of Directors or by at least one-third of the Member Boards on written application to the Chair, signed by the individual designated as the Presiding Officer of each of the said one-third of the Member Boards. Special meetings of the Association shall be held at such times and places as shall be designated by the Board of Directors.

6.3 Notice and Waiver.

6.3.1 Notice of each meeting of the Association or Regions shall be sent to each Member Board and to each Delegate and Associate at the mailing address shown in the official records of the Association at least 60 days

before such meeting. Such notice, as far as practicable, shall contain a statement of the general business to be transacted. Notice of the Annual Meeting shall contain the report of the Nominating Committee as provided in Section 7.3.1.

6.3.2 Meetings held and actions taken without notice as provided in these bylaws shall be valid if each Member Board entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.

6.4 Quorum.

A quorum for the transaction of business at any meeting of the Association shall be one or more Designated Voting Representatives from a majority of Member Boards. A quorum for the transaction of business at any meeting of a Region shall be one or more Designated Voting Representatives from a majority of the Member Boards of such Region. In the absence of a quorum at an Annual Meeting, Regional Meeting or a special meeting, the majority of the Member Boards represented at such meeting may adjourn the meeting to a stated time and place without further notice.

6.5 Advisory Vote on Matters Related to Member Boards' Regulatory Responsibilities.

Any issue being deliberated by the Board of Directors or any committee, that is determined by the Board of Directors to have a material impact on the regulatory responsibilities of the Member Boards, shall be submitted to the Member Boards for their advisory vote. Such advisory vote should ordinarily be taken at an Annual Meeting. However, if the timing of an issue will not allow the advisory vote to be conducted at an Annual Meeting, the Chair may call a special meeting.

6.6 Voting.

6.6.1 Each Member Board shall be entitled to only one vote on any matter brought before the Association, and each Member Board in the Region shall be entitled to only one vote on any matter brought before any Regional Meeting, which vote shall be cast on behalf of such Member Board by its Designated Voting Representative (~~Delegate, Associate or Executive Director of such Member Board~~).

6.6.2 ~~Each Designated Voting Representative shall have written authorization from the Presiding Officer of the Member Board he or she represents in order to vote on behalf of such Member Board. A Member Board may name more than one Designated Voting Representative provided that only one vote shall be cast on behalf of such Member Board by its Designated Voting Representatives.~~ **The Presiding Officer of a Member Board, if present, shall be presumed to be the Designated Voting Representative. If the Presiding Officer is unable or unwilling to serve, the Member Board may authorize another Delegate, Associate or Executive Director from that State to serve as its Voting Representative. The Member Board may authorize successive alternate Voting Representatives to ensure that the Member Board's one vote may be cast. The authorization shall be in writing (including email) and may be issued by the Member Board's Presiding Officer or the next highest ranking Board Member available prior to or upon registration for the relevant meeting.**

6.6.3 Unless a greater vote is required by these bylaws for any action, a majority vote of all Member Boards shall be required to pass any motion or resolution of the Association.

6.7 Ballot Voting.

6.7.1 The Board of Directors, or a majority of the Member Boards of the Association present at any duly called meeting of the Association at which a quorum is present, may direct that the Chair of the Association submit any action to all Member Boards for their consent by mail, e-mail or facsimile, except that the election of the Vice Chair, Directors and members and alternates of the Nominating Committee may not be done by written consent, except in filling an interim vacancy of the Vice Chair.

6.7.2 The Member Boards will have 45 days to return their ballots.

6.7.3 Any action taken or approved in such a ballot by two-thirds of the Member Boards voting shall be a resolution of the Member Boards of the Association provided that the number of Member Boards approving such action shall constitute a majority of the Member Boards of the Association.

6.8 Rules of Order.

The rules of parliamentary procedure contained in the latest edition of *Robert's Rules of Order, Newly Revised*, shall govern all meetings of the Association, except as may be otherwise provided in these bylaws.

Article VII - Nominations and Elections

7.1 Nominating Committee Composition and Election.

The membership of the Nominating Committee shall consist of the Past Chair, who shall serve as Chair of the Nominating Committee, and one member from each Region elected as provided herein.

7.1.1 A Delegate or Associate is eligible for election to the Nominating Committee.

7.1.2 With the exception of the Past Chair, no member of the Nominating Committee may serve concurrently as a member of the Board of Directors and the Nominating Committee, and no member may be eligible for election to the Board of Directors through the entirety of his or her elected term on the Nominating Committee and through the adjournment of the next following Annual Meeting. For purposes of this subsection, an alternate of the Nominating Committee is not a member of the Committee unless and until he or she assumes office by replacing a member at one or more meetings for the purpose of deliberating upon or voting for nominees.

7.1.3 If the Past Chair cannot serve, or declines to serve, as Chair of the Nominating Committee, the Board of Directors shall appoint another Delegate or Associate to serve as Nominating Committee Chair so long as the person is ineligible to serve on the Board of Directors for the year following his or her service on the Nominating Committee.

7.1.4 Nominating Committee members shall be elected for two-year terms, and may serve two complete terms in succession plus any unexpired terms. The term begins immediately following the Business Session of the Annual Meeting. The terms of the Nominating Committee members shall be staggered so that half of the Regions hold elections each year.

7.1.5 The election of members and alternates of the Nominating Committee shall require a majority vote of the Member Boards in the Region represented at the Regional Meeting, provided a quorum is met.

7.1.6 At the Regional Meeting, each Region whose Nominating Committee member's term is expiring at the current year's Annual Meeting shall elect a member and an alternate of the Nominating Committee to represent its Region.

7.1.7 Each member and alternate must have (i) served at least two years on a state board of accountancy, (ii) attended at least one NASBA Regional Meeting and one NASBA Annual Meeting and (iii) served on a NASBA committee, board (e.g., Exam Review Board or International Qualifications Appraisal Board; "board" is not referring to member of Board of Directors) or task force.

7.1.8 If a Region's member and alternate are both unable to serve and the Nominating Committee will hold a meeting for the purpose of making nominations prior to that Region's next NASBA Regional Meeting, then an ad hoc committee consisting of one state board member from each Member Board in that Region shall meet to elect a member and alternate to serve for the unexpired terms of the former member and former alternate. Such meeting may be held telephonically.

7.1.9 If a Region fails to elect a member or an alternate as provided above, the Board of Directors shall appoint a member or an alternate to represent that Region on the Nominating Committee.

7.1.10 In the event of a deadlocked vote in a Region's election of its member or alternate on the Nominating Committee, the Regional Director shall convene an ad hoc meeting pursuant to Section 7.1.8 to elect the Region's member or alternate on the Nominating Committee. If the election pursuant to Section 7.1.8 has not been completed within thirty (30) days after the Annual Regional Meeting, the Region's Nominating Committee member and/or alternate shall be appointed by the Board of Directors pursuant to Section 7.1.9.

7.2 Responsibilities of Nominating Committee.

7.2.1 Obligation to Attend Nominating Committee Meetings in Person.

7.2.1.1 In view of the importance of each Region being represented in person at meetings of the Nominating Committee when the Committee is meeting for the purpose of deliberating upon or voting for nominees, the member or alternate must be in attendance at such meetings in order to participate and vote. The alternate shall reserve the Nominating Committee meeting dates so he or she can attend a meeting on short notice if the member cannot attend. In the event the member cannot attend the meeting, it shall be the responsibility of the member to notify the Nominating Committee Chair and the Region's alternate as soon as possible so the alternate can attend the meeting.

7.2.1.2 Members of the Nominating Committee who miss more than one meeting (for the purpose of deliberating upon or voting for nominees) during their term may not stand for re-election.

7.2.1.3 The responsibility of the alternate is to serve in person in the event the member cannot attend the meeting or is no longer a Delegate or Associate.

7.2.2 Annual Nominations.

Each year, the Nominating Committee will establish and communicate to the Member Boards, a nominating schedule including any deadlines for the submission of names of candidates seeking to be nominated for any of the offices to be elected at the Annual Meeting. Pursuant to that schedule, the The Nominating Committee shall nominate annually one qualified candidate for Vice Chair, three candidates for Directors-at-Large for those whose terms are expiring at the Annual Meeting, and one candidate for Regional Director from each Region. If the Vice Chair cannot serve as Chair, then the Committee also shall nominate a

candidate for Chair. The report of the Nominating Committee shall be submitted to the Chair and presented in accordance with the provisions of these bylaws.

7.2.3 Special Nomination for Vacancy of Vice Chair Position.

In the event of a vacancy in the Vice Chair position as described in Section 4.6.2, the Nominating Committee Chair shall promptly call a meeting of the Nominating Committee to nominate a candidate for Vice Chair. If administratively possible, the Vice Chair nominee will be presented with the other nominees for consideration at the Annual Meeting. If the timing is such that a vote cannot occur at the Annual Meeting, written ballots containing the name of the proposed candidate shall be sent promptly to the Presiding Officers of all Member Boards for voting as set forth in Section 6.7.

Section 7.2.4 Amendment of the Nominating Committee Report

The Nominating Committee in its sole discretion may reconsider and rescind said nomination with or without cause and nominate a different candidate. If said action would occur after the Nominating Committee's Report issued pursuant to Section 7.3.1 has been distributed with the notice of Annual Meeting as required in Section 7.3.2, then the Chair of the Nominating Committee may convene an emergency meeting of the Nominating Committee for the sole purpose of reconsidering, rescinding and replacing a Nominee for cause. Notice of this meeting will state that the meeting is being called to consider rescission of one or more nominations. Notwithstanding Section 7.2.1, for purposes of that meeting and that meeting only, one or more members or alternates of the Nominating Committee can participate without being physically present so long as a quorum is physically present. If the Nominating Committee votes to amend its Report, the Amended Nominating Committee Report shall be distributed to the Member Boards as soon as practicable. If the distribution of the Amended Report cannot occur more than 30 days prior to the annual meeting, then upon the written request of 5 or more Member Boards or upon the recommendation of the Nominating Committee, the election regarding any new nominee may be conducted in the same manner as provided in Section 7.2.3.

7.3 Nominations and Election Process.

7.3.1 At least 60 days preceding the date of the Annual Meeting of the Association, the Nominating Committee shall deliver to the Chair a report which shall include its Annual Nominations as described in Section 7.2.2.

7.3.2 The report shall be included with the notice of the Annual Meeting as described in Section 6.3, and shall be presented by the Nominating Committee during the Business Session at the Annual Meeting.

7.3.3 Nominations for any elected position, including a vacancy in the office of Vice Chair, may also be made by at least five Member Boards, if filed with the Chair at least **thirty (30)** ~~40~~ days prior to the Annual Meeting (or the due date set **pursuant to Section 7.2.3 and Section 6.7** for the mail ballots for Vice Chair **in the event of a vacancy**).

7.3.4 No nominations from the floor or otherwise will be recognized.

7.3.5 A majority vote of the Member Boards represented during the Business Session at the Annual Meeting (or by mail ballots for Vice Chair) shall constitute an election, provided a quorum is met.

ARTICLE VIII – Committees, Task Forces and Boards

8.1 Standing Committees.

The standing committees of the Association shall include the Executive Committee, the Nominating Committee, the Administration and Finance Committee, the Audit Committee, the CPA Examination Review Board and the Executive Directors Committee. Unless otherwise provided in these bylaws, the members and chairs of the standing and other committees or task forces are appointed by the Chair.

8.2 Executive Committee.

There shall be an Executive Committee composed of the Past Chair, the Chair, the Vice Chair, the Secretary and the Treasurer. The President shall serve as an *ex officio* non-voting member of the Executive Committee. The Executive Committee shall act for the Board of Directors between meetings of the Board. The Executive Committee (without the President) shall constitute the Compensation Committee. The Compensation Committee shall annually evaluate the performance and the compensation of the President. All actions taken by the Executive Committee and the Compensation Committee shall be presented to the Board of Directors for ratification at its next meeting.

8.3 Nominating Committee.

The election and duties of the Nominating Committee are described in Article VII. The Nominating Committee is not a committee of the Board of Directors.

8.4 Administration and Finance Committee.

The Administration and Finance Committee shall oversee and monitor the fiscal operations of the Association. The Treasurer shall serve as Chair of the Administration and Finance Committee.

8.5 Audit Committee.

The Audit Committee shall oversee the Association's annual financial statement audit and internal controls, and shall recommend to the Board of Directors the firm to perform the audit. The Audit Committee shall receive the annual audited financial statements and the auditor's report thereon, consider the items of internal accounting control that arise from the audit process, and make a recommendation regarding the annual audited financial statements and the auditor's report thereon, to the Board of Directors.

8.6 CPA Examination Review Board.

8.6.1 The CPA Examination Review Board ("ERB") shall: review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and other examinations in general use by boards of accountancy for the licensing of certified public accountants; examine such records, and make such observations, inspections and inquiries as it deems necessary; and report annually to the boards of accountancy.

8.6.2 The Chair of the ERB may serve a two year term. During the first year of that term, the immediate past chair of the ERB will serve as Past Chair of the ERB. By the end of the first year of the ERB Chair's term, the Chair of the Board of Directors, subject to the approval of the Board of Directors, shall appoint a Vice Chair of ERB who will serve in the second year to the ERB Chair's term. A vacancy in the office of the Chair of the ERB shall be filled by the Vice Chair of the ERB. The Chair of the Board of Directors shall, subject to the

approval of the Board of Directors, also appoint other members of the ERB. The Board by Resolution may establish the minimum number of ERB members, terms of service and a method to stagger the terms.

8.7 Other Committees and Task Forces.

The Chair or the Board of Directors may appoint such other Committees and Task Forces as they deem desirable. Membership on such Committees and Task Forces may include, in addition to Delegates and Associates, executive directors and other persons with special expertise. Task Forces within a Committee **may** be appointed by the Committee Chair, provided the Task Force members have already been appointed by the NASBA Chair to the Committee.

8.8 Executive Directors Committee.

There shall be an Executive Directors Committee. Its members shall be appointed by the NASBA Chair from the executive directors (or the highest ranking staff member if another title is used by a State Board). The Executive Directors Committee shall operate pursuant to a Mission Statement developed by the Committee and approved by the Board of Directors. The Chair of the Executive Directors Committee shall serve as liaison to and as an *ex officio* non-voting member of the Board of Directors.

ARTICLE IX - Finances

9.1 Fiscal Year.

The fiscal year of the Association shall be from August 1 of one year to July 31 of the next succeeding year.

9.2 Dues.

The dues for each Member Board and for each Associate shall be determined by the Board of Directors and approved by the Member Boards at a regular Annual Meeting of the Association. The Board of Directors may waive, alter or amend unpaid dues of Member Boards. The dues of each Member Board shall be based on the number of persons regulated by that Member Board.

9.3 Other Fees.

The Board of Directors may establish such other fees for publications, programs and services as it shall deem appropriate, provided that no such fees or special assessments shall be levied if such fees or assessments impair the status of the Association under Section 501(c) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any successor law.

9.4 Audit.

The Board of Directors shall, for each fiscal year, appoint a licensed independent public accountant or licensed independent public accountants to express an opinion on the financial statements of the Association. The financial statements of the Association and the report of the auditor or auditors for each fiscal year shall be published for the information of the membership.

9.5 Contracts.

The Board of Directors may authorize the President, any Officer or Officers, agent or agents of the Association, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances.

9.6 Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such Officer or Officers, agent or agents of the Association and in such manner as shall from time to time be determined by the Board of Directors.

9.7 Indemnification.

The Association shall, to the fullest extent permitted under Delaware law, defend and/or indemnify any and all of its Directors or Officers or former Directors or Officers against expenses actually and reasonably incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of being or having been a Director or Officer of the Association.

9.8 Insurance.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was an Officer, Director, President, committee member, or is serving at the request of the Association, against any liability incurred by such person in any such capacity, or arising out of that person's status as such, whether or not the Association would have the power to indemnify that person against such liability under this Article.

9.9 Dissolution.

The Association shall use its funds only to accomplish the purposes specified in these bylaws and no part of said funds shall inure, or be distributed, to the Member Boards of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified charitable, education, scientific or philanthropic organizations to be selected by the Board of Directors.

ARTICLE X – Amendments

Any of these bylaws may be altered, amended or repealed, and new bylaws may be adopted by a two-thirds vote of Member Boards represented at any regular or special meeting by one or more Designated Voting Representatives, provided a quorum is present, and provided that the Member Boards approving such an amendment constitute a majority of the Member Boards of the Association. Proposed amendments to these Bylaws must be presented in writing to the Chair at least 60 days before the meeting at which they are to be voted upon; however, this requirement may be waived by the Chair or by a three-fourths vote of Member Boards represented at any regular or special meeting. Any amendments to these bylaws shall become effective on the first day following the Annual Business Meeting unless another day is specified.

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 October 16, 2018.***

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. Has legislation that seeks to deregulate professions been introduced in your state? If so, please give details.

- No legislation proposed in my state.
 Yes.

Please explain below:

2. It has been mentioned that many colleges are bringing IT courses into their accounting programs. (a) Can you identify any schools in your jurisdiction which have done so?

(b) Does your Board permit IT courses to be counted as accounting or business courses?

- Accounting - Yes
 Accounting - No
 Business - Yes
 Business - No

(c) If so, are there additional criteria those courses must meet?

3. (a) As your rules are currently written, could your candidates take the Uniform CPA Examination continuously throughout the year?

- Yes.
 No. Changes would be required.

(b) Can they only take sections once per window?

- Yes
 No

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

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

- No
 Yes. Please explain below.

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).

If you answered Other, please explain below.

Submit

Contact Information