



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
301 E. 14th Street, Suite 200
Sioux Falls, SD 57104
(605) 367-5770 / Fax: (605) 367-5773
e-mail sdbdacct.edbd@midconetwork.com
www.accountancy.sd.gov

Agenda
South Dakota Board of Accountancy Meeting
Conference Call
9:00 a.m. (CT)
September 19, 2011

A=Action

D=Discussion

I=Information

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EXECUTIVE SESSION

Equivalent Reviews, Complaints & Disciplinary Action for Board Approval.....	Spt. Pkt.
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FUTURE MEETING DATES (all times CT)

October 17 – 8:00 Sioux Falls – Holiday Inn Ambassador Room



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**South Dakota Board of Accountancy
Minutes of Meeting
Country Inn & Suites – Conference Room
August 8, 2011**

The Board of Accountancy held a meeting at the Country Inn & Suites in Sioux Falls, SD on Monday, August 8, 2011. Chair Holly Brunick called the meeting to order at 8:37 a.m.

The following members were present: Holly Brunick, Marty Guindon, David Olson, John Linn, Jr., John Mitchell, and John Peterson. A quorum was present.

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

Chair Holly Brunick asked if there were any additions to the agenda.
CPE negotiated consent agreements

A motion was made by John Peterson and seconded by David Olson to approve the election of Board officers as follows: Holly Brunick -Chair, John Linn, Jr. -Vice Chair, and John Peterson-Secretary/Treasurer. The motion unanimously carried.

A motion was made by John Mitchell and seconded by John Peterson to approve June 20, 2011, meeting minutes. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by David Olson to approve the issuance of individual certificates and firm permits through August 4, 2011. The motion unanimously carried.

The June financial statements were discussed. The Board staff and Marty Guindon will make clarifications to the June financials. The issue was tabled until the next meeting.

The Board discussed the annual conference for NASBA which will be held October 23-26, 2011. The location of the meeting will be in Nashville, TN at the Gaylord Opryland Hotel.

A motion was made by John Peterson and seconded by John Mitchell to approve travel for two board members and the Executive Director to attend the NASBA annual conference in Nashville, TN on October 23-26, 2011. The motion unanimously carried. The Executive Director will submit the necessary documents for approval.

A motion was made by David Olson and seconded by Marty Guindon to approve the CPA Exam scores for the 29th CPA Exam window through June 2011. The motion unanimously carried.

The Board reviewed and discussed the FY13 Proposed Budget.

A motion was made by John Peterson and seconded by Marty Guindon to approve the FY13 Budget as amended. The motion unanimously carried.

A motion was made by John Mitchell and seconded by Marty Guindon to enter into executive session for the deliberative process for peer reviews, follow-ups, complaints, and CPE Negotiated Consent Agreements. The motion unanimously carried.

The Board came out of executive session.

A motion was made by David Olson and seconded by John Mitchell to accept the peer reviews, follow-ups, complaints, and CPE Negotiated Consent Agreements as discussed in executive session. The motion unanimously carried.

The Board reviewed the online renewal statistics. The Board would like to have staff start a database of information regarding online renewal stats of total renewed by category for every year since online renewal has started. The Board would like to watch the trend from year to year of those that renew online.

Executive Director Kasin discussed her Executive Directors report to the Board. The Board held a discussion on the issues as follows:

- Updates to the rules are being reviewed through September/October.
- Renewals were discussed.
- Ethics CPE was discussed. Most states have a CPE ethics requirement. The Board noted that false reporting of CPE has just recently increased. The Board asked Executive Director Kasin to look into what ethics courses are offered at South Dakota Colleges.

The Board took a break for lunch.

The Board resumed the regular Board Meeting at 1:00 p.m.

Executive Director Kasin resumed discussion on her Executive Directors report to the Board. The Board held a discussion on another issue as follows:

- The revenue impact of firm fees was discussed. The Board agreed that more information needed to be compiled. They would like to see an initial spreadsheet plot analysis of firm data by November or December.

Laura Coome, Executive Director for SD CPA Society and the CPA Society Members: Joylynn Buus and Kevin Doyle joined the meeting at 1:32 p.m.

The SD CPA Society and the Board discussed at length the following items: CPE ethics, Private Company Financial Reporting, Mobility, Peer Review oversight/James Brackens, Future changes to SDCL 36-20B, CPE Audits, and changes to the Society website.

The Board discussed NASBA's CPAmobility.org announcement.

John Peterson brought up the discussion of comparative Executive Director salaries. He would like to see a possible desk audit done to re-evaluate Nicole Kasin's position in order to change her position to a salaried one. Marty Guindon asked if the Board wanted to have all three positions of staff evaluated. It was suggested looking at a new classification name of the staff's positions and the Board agreed. The Board requested Executive Director Kasin to look into the staff's position titles/descriptions and gather information to bring back to the Board at a later date.

FUTURE MEETING DATES (all times CT)

September 19, 2011 – 9:00 a.m. Conference Call

October 17, 2011 – 9:00 a.m. Conference Call

A motion was made by John Linn, Jr. and seconded by John Peterson to adjourn the meeting. The motion unanimously carried.

All business having come before the board was concluded and Chair Holly Brunick adjourned the meeting at 4:00 p.m.

Holly Brunick, CPA, Chair

Attest: _____
Nicole Kasin, Executive Director

John Peterson, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through September 16, 2011

Number	Name	Date Issued	Location
2993	Daniel P. Jones	8/05/11	Sioux Falls
2994	Amber Joan Langner	8/09/11	Sioux Falls
2971	Brianne Michelle Sykora	2/11/11	Rapid City
2995	Michelle Lea Hentschel	8/31/11	Sioux Falls

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

**Issued Through
September 16, 2011**

Number	Name	Date Issued	Basis/Comments
1531	Fiondella, Milone & LaSaracina LLP Glastonbury, CT	08/05/11	New Firm
1532	Frost, PLLC Little Rock, AR	08/29/11	New Firm
1533	Andrea M. Vugteveen, CPA Sioux Falls, SD	08/31/11	New Firm
1534	Michelle Han CPA P.C. Eagle Butte, SD	09/16/11	New Firm
1535	Michelle Han CPA P.C. Faith, SD	09/16/11	New Firm

AGENCY: 10 LABOR
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	290,410.50	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			290,410.50	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			290,410.50	DR **	
BUDGET UNIT TOTAL 1031			290,410.50	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/30/2011

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL # OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503										
COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX110527	06/01/2011					2,729.76	DR
6503	103100061802	51010100	CGEX110614	06/16/2011					2,977.92	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX110527	06/01/2011					5,707.68	DR *
6503	103100061802	51010200	CGEX110614	06/16/2011					720.10	DR
									768.74	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX110527	06/01/2011					1,488.84	DR *
6503	103100061802	51010300	CGEX110614	06/16/2011					420.00	DR
									180.00	DR
OBJSUB: 5101030 BOARD & COMM MBS FEES										
6503	103100061802	51020100	CGEX110527	06/01/2011					600.00	DR *
6503	103100061802	51020100	CGEX110614	06/16/2011					7,796.52	DR **
									280.34	DR
									284.69	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX110527	06/01/2011					565.03	DR *
6503	103100061802	51020200	CGEX110614	06/16/2011					207.00	DR
									224.79	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX110527	06/01/2011					431.79	DR *
6503	103100061802	51020600	CGEX110614	06/16/2011					766.89	DR
									766.89	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX110527	06/01/2011					1,533.78	DR *
6503	103100061802	51020800	CGEX110614	06/16/2011					5.86	DR
									6.38	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX110527	06/01/2011					12.24	DR *
6503	103100061802	51020900	CGEX110614	06/16/2011					2.93	DR
									3.18	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	103100061802	51020900	CGEX110527	06/01/2011					6.11	DR *
6503	103100061802	51020900	CGEX110614	06/16/2011					2,548.95	DR **
									10,345.47	DR ***
									138.04	DR
OBJSUB: 5102090 AUTO-STATE OWNED-IN STATE										
6503	103100061802	52030100	CGEX110527	06/10/2011	99744926	HOLIDAYINN	12058711		138.04	DR *
									232.50	DR
OBJSUB: 5203010 LODGING/IN-STATE										
6503	103100061802	52032300	CGEX110623	06/24/2011	862385				232.50	DR *
									199.36	DR
OBJSUB: 5203230 AUTO-PRIV. (OUT-STATE) H/R										
6503	103100061802	52033000	CGEX110623	06/24/2011	862385				199.36	DR *
									337.94	DR

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	103100061802	5203300 LODGING/OUT-OF-STATE	CGEX110623	06/24/2011	862385				337.94	DR *
									20.00	DR
6503	103100061802	5203320 INCIDENTALS-OUT-OF-STATE	CGEX110623	06/24/2011	862385				20.00	DR *
									51.00	DR
6503	103100061802	5204020 NON-TAXABLE MEALS/OUT-ST TRAVEL	1902618-12	06/16/2011	99746577	COUNCILONL	12116359		51.00	DR *
									978.84	DR **
									240.00	DR
6503	103100061802	5204020 DUES & MEMBERSHIP FEES	DP105097	06/24/2011					240.00	DR *
			MF105050	06/17/2011					57.00	DR
			MF105050	06/17/2011					138.04	DR
									138.04	CR
6503	103100061802	5204180 COMPUTER SERVICES-STATE	PL105054	06/24/2011					57.00	DR *
									43.73	DR
6503	103100061802	5204200 CENTRAL SERVICES	113043	06/24/2011	01963636	BESTBUSINE	12031022		43.73	DR *
									5.74	DR
6503	103100061802	5204230 EQUIPMENT SERV & MAINT	11SC100012 JUN11	06/24/2011	99750577	SUNSETOFFI	12043890		5.74	DR *
			25103 MAY11	06/08/2011	99743910	ELBOCOMPUT	12124520		119.86	DR
									131.25	DR
6503	103100061802	5204340 COMPUTER SOFTWARE MAINT	H2518582 MAY11	06/08/2011	99744030	MAILFINANC	12219369		131.25	DR *
			113043	06/24/2011	01963636	BESTBUSINE	12031022		597.00	DR
									93.60	DR
6503	103100061802	5204460 EQUIPMENT RENTAL	ACCOUNTRENT11	06/16/2011	595779	MCGINNISRO	12074040		690.60	DR *
									1,269.45	DR
6503	103100061802	5204490 RENTS-PRIVATE OWNED PROP.	TL105160	06/24/2011					1,269.45	DR *
			111109001 JUN11	06/24/2011	99750197	MIDCONTINE	12023782		67.24	DR
									95.00	DR
6503	103100061802	5204530 TELECOMMUNICATIONS SRVCS	5159417006 MAY11	06/08/2011	01961144	XCELENERGY	12023853		162.24	DR *
									54.75	DR
6503	103100061802	5204540 ELECTRICITY	84096	06/16/2011	99746054	ECOWATER	12035896		54.75	DR *
									23.35	DR
6503	103100061802	5204560 WATER	CI101A-096	06/10/2011	125503				23.35	DR *
									31.00	DR
6503	103100061802	5204740 BANK FEES AND CHARGES	13367063	06/17/2011	99747239	NATLASSNST	12005047		31.00	DR *
									8,139.25	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/30/2011

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
		OBJSUB: 5204960	OTHER CONTRACTUAL SERVICE						8,139.25	DR *
		OBJECT: 5204	CONTRACTUAL SERVICES						10,968.22	DR **
6503	103100061802	52050200	1515603-0	06/24/2011	01963602	BROWNSAENG	12028533		24.88	DR
		OBJSUB: 5205020	OFFICE SUPPLIES						24.88	DR *
6503	103100061802	52053200	34536	06/22/2011	99748316	BUSINESSPR	12003048		92.24	DR
		OBJSUB: 5205320	PRINTING-COMMERCIAL						92.24	DR *
6503	103100061802	52053500	061311	06/22/2011	99749883	USPOSTALSE	12005421	A2	1,000.00	DR
		OBJSUB: 5205350	POSTAGE						1,000.00	DR *
		OBJECT: 5205	SUPPLIES & MATERIALS						1,117.12	DR **
6503	103100061802	52079010	25103 MAY11	06/08/2011	99743910	ELBOCCOMPUT	12124520		150.00	DR
		OBJSUB: 5207901	COMPUTER HARDWARE						150.00	DR *
6503	103100061802	52079610	25103 MAY11	06/08/2011	99743910	ELBOCCOMPUT	12124520		99.95	DR
		OBJSUB: 5207961	COMPUTER SOFTWARE						99.95	DR *
		OBJECT: 5207	CAPITAL OUTLAY						249.95	DR **
6503	103100061802	5228000	T101-100	06/22/2011					233.45	DR
		OBJSUB: 5228000	OPER TRANS OUT -NON BUDGT						233.45	DR *
		OBJECT: 5228	NONOP EXP/NONBCTD OP TR						233.45	DR **
		GROUP: 52	OPERATING EXPENSES						13,547.58	DR ***
		COMP: 6503							23,893.05	DR ****
		CNTR: 103100061802							23,893.05	DR *****
		B. UNIT: 1031							23,893.05	DR *****

South Dakota Board of Accountancy

Balance Sheet

As of June 30, 2011

	Jun 30, 11
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	5,271.88
1140000 · Pool Cash State of SD	290,410.50
Total Checking/Savings	295,682.38
Other Current Assets	
1131000 · Cash-Security Lending Collatera	22,975.91
1213000 · Investment Income Receivable	1,957.59
Total Other Current Assets	24,933.50
Total Current Assets	320,615.88
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-92,787.49
Total 1670000 · Computer Software	47,275.74
Total Fixed Assets	47,275.74
TOTAL ASSETS	367,891.62
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	4,928.70
Total Accounts Payable	4,928.70
Other Current Liabilities	
2510000 · Deferred Revenue	18,595.00
2810000 · Amounts Held for Others	29,664.96
Total Other Current Liabilities	48,259.96
Total Current Liabilities	53,188.66
Long Term Liabilities	
2960000 · Compensated Absences Payable	11,162.26
Total Long Term Liabilities	11,162.26
Total Liabilities	64,350.92
Equity	
3220000 · Unrestricted Net Assets	209,083.00
3300100 · Invested In Capital Assets	47,275.74
3900 · Retained Earnings	40,723.55
Net Income	6,458.41
Total Equity	303,540.70
TOTAL LIABILITIES & EQUITY	367,891.62

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2010 through June 2011

	Jul '10 - Jun 11	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-25.00			
4293550 · Initial Individual Certificate - Other	2,100.00	2,500.00	-400.00	84.0%
Total 4293550 · Initial Individual Certificate	2,075.00	2,500.00	-425.00	83.0%
4293551 · Certificate Renewals-Active	55,400.00	50,000.00	5,400.00	110.8%
4293552 · Certificate Renewals-Inactive	20,200.00	23,000.00	-2,800.00	87.8%
4293553 · Certificate Renewals-Retired	660.00	600.00	60.00	110.0%
4293554 · Initial Firm Permits	1,000.00	1,500.00	-500.00	66.7%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	20,100.00	18,350.00	1,750.00	109.5%
Total 4293555 · Firm Permit Renewals	20,050.00	18,350.00	1,700.00	109.3%
4293557 · Initial Audit	840.00	580.00	260.00	144.8%
4293558 · Re-Exam Audit	2,610.00	1,660.00	950.00	157.2%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals	6,050.00	3,500.00	2,550.00	172.9%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	1,150.00	800.00	350.00	143.8%
Total 4293563 · Late Fees-Firm Permit Renewals	1,100.00	800.00	300.00	137.5%
4293564 · Late Fees-Peer Review				
5208016 · REFUNDS	-50.00			
4293564 · Late Fees-Peer Review - Other	1,200.00	1,250.00	-50.00	96.0%
Total 4293564 · Late Fees-Peer Review	1,150.00	1,250.00	-100.00	92.0%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-365.00			
4293566 · Firm Permit Individual - Other	72,475.00	64,000.00	8,475.00	113.2%
Total 4293566 · Firm Permit Individual	72,110.00	64,000.00	8,110.00	112.7%
4293567 · Peer Review Admin Fee	6,300.00	5,650.00	650.00	111.5%
4293568 · Firm Permit Name Change	150.00	100.00	50.00	150.0%
4293569 · Initial FAR	1,320.00	990.00	330.00	133.3%
4293570 · Initial REG	660.00	530.00	130.00	124.5%
4293571 · Initial BEC	1,050.00	670.00	380.00	156.7%
4293572 · Re-Exam FAR	1,620.00	1,540.00	80.00	105.2%
4293573 · Re-Exam REG	2,220.00	1,680.00	540.00	132.1%
4293574 · Re-Exam BEC	2,250.00	2,020.00	230.00	111.4%
4491000 · Interest and Dividend Revenue	16,547.72	12,000.00	4,547.72	137.9%
4896021 · Legal Recovery Cost	707.43	1,000.00	-292.57	70.7%
Total Income	216,120.15	193,920.00	22,200.15	111.4%
Gross Profit	216,120.15	193,920.00	22,200.15	111.4%
Expense				
5101010 · F-T Emp Sal & Wages	61,640.53	66,239.00	-4,598.47	93.1%
5101020 · P-T/Temp Emp Sal & Wages	16,621.05	19,380.00	-2,758.95	85.8%
5101030 · Board & Comm Mbrs Fees	3,378.00	4,020.00	-642.00	84.0%
5102010 · OASI-Employer's Share	5,904.54	6,549.00	-644.46	90.2%
5102020 · Retirement-ER Share	4,695.72	5,147.00	-451.28	91.2%
5102060 · Health /Life Ins.-ER Share	17,293.37	17,869.00	-575.63	96.8%
5102080 · Worker's Compensation	133.09	133.00	0.09	100.1%
5102090 · Unemployment Insurance	66.48	55.00	11.48	120.9%
5203010 · Auto-State Owned	370.86	1,500.00	-1,129.14	24.7%
5203020 · Auto-Private-Ownes Low Mileage	384.60	300.00	84.60	128.2%
5203030 · In State-Auto- Priv. High Miles	761.46	2,100.00	-1,338.54	36.3%
5203100 · In State-Lodging	375.96	1,000.00	-624.04	37.6%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	54.00	150.00	-96.00	36.0%
5203150 · InState-Non-Tax Meals OverNight	245.00	500.00	-255.00	49.0%
5203230 · OS-Auto Private High Mileage	646.84	100.00	546.84	646.8%
5203260 · OS-Air Commercial Carrier	3,515.81	6,700.00	-3,184.19	52.5%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2010 through June 2011

	Jul '10 - Jun 11	Budget	\$ Over Budget	% of Budget
5203280 · OS-Other Public Carrier	267.00	500.00	-233.00	53.4%
5203300 · OS-Lodging	6,988.66	7,800.00	-811.34	89.6%
5203320 · OS-Incidentals to Travel	291.00	200.00	91.00	145.5%
5203350 · OS-Non-Taxable Meals Overnight	954.00	1,000.00	-46.00	95.4%
5204010 · Subscriptions	628.75	1,500.00	-871.25	41.9%
5204020 · Dues and Membership Fees	3,590.00	3,900.00	-310.00	92.1%
5204030 · Legal Document Fees	30.00	500.00	-470.00	6.0%
5204040 · Consultant Fees-Accounting	6,200.00	6,000.00	200.00	103.3%
5204160 · Workshop Registration Fees	6,635.00	5,200.00	1,435.00	127.6%
5204180 · Computer Services-State	684.00	600.00	84.00	114.0%
5204181 · Computer Development Serv-State	3,480.00	4,400.00	-920.00	79.1%
5204200 · Central Services	5,948.96	7,500.00	-1,551.04	79.3%
5204220 · Equipment Service & Maintenance	59.48	300.00	-240.52	19.8%
5204230 · Janitorial/Maintenance Services	1,438.32	1,560.00	-121.68	92.2%
5204340 · Computer Software Maintenance	950.00	1,000.00	-50.00	95.0%
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	982.99	1,100.00	-117.01	89.4%
5204460 · Equipment Rental	4,108.20	5,200.00	-1,091.80	79.0%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	15,233.40	15,531.00	-297.60	98.1%
5204530 · Telecommunications Services	2,166.35	2,500.00	-333.65	86.7%
5204540 · Electricity	752.37	865.00	-112.63	87.0%
5204560 · Water	116.75	240.00	-123.25	48.6%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	2,310.59	2,000.00	310.59	115.5%
5205020 · Office Supplies	1,870.12	1,500.00	370.12	124.7%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	823.04	1,000.00	-176.96	82.3%
5205330 · Supplemental Publications	598.75	700.00	-101.25	85.5%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	3,021.79	3,100.00	-78.21	97.5%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	5,347.22	4,800.00	547.22	111.4%
5207950 · System Development	131.25	500.00	-368.75	26.3%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	99.95	500.00	-400.05	20.0%
5228000 · Operating Transfers Out-NonBudg	5,796.09	6,500.00	-703.91	89.2%
5228030 · Depreciation Expense	12,070.40			
Total Expense	209,661.74	225,748.00	-16,086.26	92.9%
Net Ordinary Income	6,458.41	-31,828.00	38,286.41	-20.3%
Net Income	6,458.41	-31,828.00	38,286.41	-20.3%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
June 2011

	Jun 11	Jun 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	250.00	50.00	200.00	400.0%
4293551 · Certificate Renewals-Active	500.00	50.00	450.00	900.0%
4293552 · Certificate Renewals-Inactive	0.00	0.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	0.00	0.00	0.00	0.0%
4293554 · Initial Firm Permits	50.00	50.00	0.00	0.0%
4293555 · Firm Permit Renewals	0.00	50.00	-50.00	-100.0%
4293557 · Initial Audit	60.00	150.00	-90.00	-60.0%
4293558 · Re-Exam Audit	210.00	210.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	500.00	300.00	200.00	66.7%
4293566 · Firm Permit Individual	520.00	520.00	0.00	0.0%
4293567 · Peer Review Admin Fee	1,050.00	900.00	150.00	16.7%
4293568 · Firm Permit Name Change	0.00	50.00	-50.00	-100.0%
4293569 · Initial FAR	210.00	120.00	90.00	75.0%
4293570 · Initial REG	150.00	0.00	150.00	100.0%
4293571 · Initial BEC	150.00	60.00	90.00	150.0%
4293572 · Re-Exam FAR	150.00	360.00	-210.00	-58.3%
4293573 · Re-Exam REG	300.00	240.00	60.00	25.0%
4293574 · Re-Exam BEC	150.00	150.00	0.00	0.0%
4491000 · Interest and Dividend Revenue	0.00	-16,687.62	16,687.62	100.0%
4896021 · Legal Recovery Cost	-292.57	0.00	-292.57	-100.0%
4920045 · Undistributed Earnings	0.00	24,933.50	-24,933.50	-100.0%
Total Income	4,007.43	11,555.88	-7,548.45	-65.3%
Gross Profit	4,007.43	11,555.88	-7,548.45	-65.3%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	1,123.73	-1,123.73	-100.0%
5101010 · F-T Emp Sal & Wages	5,707.68	9,417.67	-3,709.99	-39.4%
5101020 · P-T/Temp Emp Sal & Wages	1,488.84	2,617.45	-1,128.61	-43.1%
5101030 · Board & Comm Mbrs Fees	600.00	1,062.00	-462.00	-43.5%
5102010 · OASI-Employer's Share	565.03	957.41	-392.38	-41.0%
5102020 · Retirement-ER Share	431.79	722.11	-290.32	-40.2%
5102060 · Health /Life Ins.-ER Share	1,533.78	2,555.23	-1,021.45	-40.0%
5102080 · Worker's Compensation	12.24	12.09	0.15	1.2%
5102090 · Unemployment Insurance	6.11	8.84	-2.73	-30.9%
5203010 · Auto--State Owned	138.04	150.81	-12.77	-8.5%
5203230 · OS-Auto Private High Mileage	646.84	0.00	646.84	100.0%
5203260 · OS-Air Commercial Carrier	0.00	537.30	-537.30	-100.0%
5203280 · OS-Other Public Carrier	0.00	92.25	-92.25	-100.0%
5203300 · OS-Lodging	1,182.79	920.20	262.59	28.5%
5203320 · OS-Incidentals to Travel	50.00	55.00	-5.00	-9.1%
5203350 · OS-Non-Taxable Meals Overnight	155.00	125.00	30.00	24.0%
5204020 · Dues and Membership Fees	240.00	240.00	0.00	0.0%
5204180 · Computer Services-State	57.00	57.00	0.00	0.0%
5204181 · Computer Development Serv-State	0.00	384.00	-384.00	-100.0%
5204200 · Central Services	43.73	47.70	-3.97	-8.3%
5204220 · Equipment Service & Maintenance	5.74	32.34	-26.60	-82.3%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	0.00	107.50	-107.50	-100.0%
5204460 · Equipment Rental	93.60	93.60	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	158.65	167.50	-8.85	-5.3%
5204540 · Electricity	54.45	55.18	-0.73	-1.3%
5204560 · Water	23.35	23.35	0.00	0.0%
5204740 · Bank Fees and Charges	31.00	31.00	0.00	0.0%
5205020 · Office Supplies	39.10	547.46	-508.36	-92.9%
5205310 · Printing State	0.00	130.76	-130.76	-100.0%
5205320 · Printing/Duplicating/Binding Co	99.14	6.90	92.24	1,336.8%
5205350 · Postage	1,000.00	0.00	1,000.00	100.0%
5207960 · Computer Software Expense	0.00	955.05	-955.05	-100.0%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
June 2011

	<u>Jun 11</u>	<u>Jun 10</u>	<u>\$ Change</u>	<u>% Change</u>
5228000 · Operating Transfers Out-NonBudg	233.45	880.22	-646.77	-73.5%
5228030 · Depreciation Expense	1,005.94	1,005.94	0.00	0.0%
Total Expense	<u>16,992.60</u>	<u>26,509.04</u>	<u>-9,516.44</u>	<u>-35.9%</u>
Net Ordinary Income	<u>-12,985.17</u>	<u>-14,953.16</u>	<u>1,967.99</u>	<u>13.2%</u>
Net Income	<u><u>-12,985.17</u></u>	<u><u>-14,953.16</u></u>	<u><u>1,967.99</u></u>	<u><u>13.2%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
June 2011

	Jun 11	Jun 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	250.00	50.00	200.00	400.0%
4293551 · Certificate Renewals-Active	500.00	50.00	450.00	900.0%
4293552 · Certificate Renewals-Inactive	0.00	0.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	0.00	0.00	0.00	0.0%
4293554 · Initial Firm Permits	50.00	50.00	0.00	0.0%
4293555 · Firm Permit Renewals	0.00	50.00	-50.00	-100.0%
4293557 · Initial Audit	60.00	150.00	-90.00	-60.0%
4293558 · Re-Exam Audit	210.00	210.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	500.00	300.00	200.00	66.7%
4293566 · Firm Permit Individual	520.00	520.00	0.00	0.0%
4293567 · Peer Review Admin Fee	1,050.00	900.00	150.00	16.7%
4293568 · Firm Permit Name Change	0.00	50.00	-50.00	-100.0%
4293569 · Initial FAR	210.00	120.00	90.00	75.0%
4293570 · Initial REG	150.00	0.00	150.00	100.0%
4293571 · Initial BEC	150.00	60.00	90.00	150.0%
4293572 · Re-Exam FAR	150.00	360.00	-210.00	-58.3%
4293573 · Re-Exam REG	300.00	240.00	60.00	25.0%
4293574 · Re-Exam BEC	150.00	150.00	0.00	0.0%
4491000 · Interest and Dividend Revenue	0.00	-16,687.62	16,687.62	100.0%
4896021 · Legal Recovery Cost	-292.57	0.00	-292.57	-100.0%
4920045 · Undistributed Earnings	0.00	24,933.50	-24,933.50	-100.0%
Total Income	4,007.43	11,555.88	-7,548.45	-65.3%
Gross Profit	4,007.43	11,555.88	-7,548.45	-65.3%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	1,123.73	-1,123.73	-100.0%
5101010 · F-T Emp Sal & Wages	5,707.68	9,417.67	-3,709.99	-39.4%
5101020 · P-T/Temp Emp Sal & Wages	1,488.84	2,617.45	-1,128.61	-43.1%
5101030 · Board & Comm Mbrs Fees	600.00	1,062.00	-462.00	-43.5%
5102010 · OASI-Employer's Share	565.03	957.41	-392.38	-41.0%
5102020 · Retirement-ER Share	431.79	722.11	-290.32	-40.2%
5102060 · Health /Life Ins.-ER Share	1,533.78	2,555.23	-1,021.45	-40.0%
5102080 · Worker's Compensation	12.24	12.09	0.15	1.2%
5102090 · Unemployment Insurance	6.11	8.84	-2.73	-30.9%
5203010 · Auto--State Owned	138.04	150.81	-12.77	-8.5%
5203230 · OS-Auto Private High Mileage	646.84	0.00	646.84	100.0%
5203260 · OS-Air Commercial Carrier	0.00	537.30	-537.30	-100.0%
5203280 · OS-Other Public Carrier	0.00	92.25	-92.25	-100.0%
5203300 · OS-Lodging	1,182.79	920.20	262.59	28.5%
5203320 · OS-Incidentals to Travel	50.00	55.00	-5.00	-9.1%
5203350 · OS-Non-Taxable Meals Overnight	155.00	125.00	30.00	24.0%
5204020 · Dues and Membership Fees	240.00	240.00	0.00	0.0%
5204180 · Computer Services-State	57.00	57.00	0.00	0.0%
5204181 · Computer Development Serv-State	0.00	384.00	-384.00	-100.0%
5204200 · Central Services	43.73	47.70	-3.97	-8.3%
5204220 · Equipment Service & Maintenance	5.74	32.34	-26.60	-82.3%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	0.00	107.50	-107.50	-100.0%
5204460 · Equipment Rental	93.60	93.60	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	158.65	167.50	-8.85	-5.3%
5204540 · Electricity	54.45	55.18	-0.73	-1.3%
5204560 · Water	23.35	23.35	0.00	0.0%
5204740 · Bank Fees and Charges	31.00	31.00	0.00	0.0%
5205020 · Office Supplies	39.10	547.46	-508.36	-92.9%
5205310 · Printing State	0.00	130.76	-130.76	-100.0%
5205320 · Printing/Duplicating/Binding Co	99.14	6.90	92.24	1,336.8%
5205350 · Postage	1,000.00	0.00	1,000.00	100.0%
5207960 · Computer Software Expense	0.00	955.05	-955.05	-100.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
June 2011

	<u>Jun 11</u>	<u>Jun 10</u>	<u>\$ Change</u>	<u>% Change</u>
5228000 · Operating Transfers Out-NonBudg	233.45	880.22	-646.77	-73.5%
5228030 · Depreciation Expense	1,005.94	1,005.94	0.00	0.0%
Total Expense	<u>16,992.60</u>	<u>26,509.04</u>	<u>-9,516.44</u>	<u>-35.9%</u>
Net Ordinary Income	<u>-12,985.17</u>	<u>-14,953.16</u>	<u>1,967.99</u>	<u>13.2%</u>
Net Income	<u><u>-12,985.17</u></u>	<u><u>-14,953.16</u></u>	<u><u>1,967.99</u></u>	<u><u>13.2%</u></u>

BA1409R1

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

COMPANY	CENTER	ACCOUNT
6503	103100061802	1140000
COMPANY/SOURCE TOTAL 6503 618		
COMP/BUDG UNIT TOTAL 6503 1031		
BUDGET UNIT TOTAL 1031		

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 07/31/2011

BALANCE	DR/CR	CENTER DESCRIPTION
356,149.87	DR	BOARD OF ACCOUNTANCY
356,149.87	DR *	
356,149.87	DR **	
356,149.87	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 07/31/2011

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503										
COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX110629	07/02/2011					2,729.76	DR
6503	103100061802	51010100	CGEX110713	07/15/2011					2,729.76	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX110629	07/02/2011					5,459.52	DR *
6503	103100061802	51010200	CGEX110713	07/15/2011					724.15	DR
									747.12	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX110629	07/02/2011					1,471.27	DR *
									720.00	DR
OBJSUB: 5101030 BOARD & COMM MERS FEES										
6503	103100061802	51020100	CGEX110629	07/02/2011					720.00	DR *
6503	103100061802	51020100	CGEX110629	07/02/2011					7,650.79	DR **
6503	103100061802	51020100	CGEX110713	07/15/2011					299.22	DR
									245.90	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX110629	07/02/2011					545.12	DR *
6503	103100061802	51020200	CGEX110713	07/15/2011					207.24	DR
									208.62	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX110629	07/02/2011					415.86	DR *
6503	103100061802	51020600	CGEX110713	07/15/2011					766.89	DR
									766.89	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX110629	07/02/2011					1,533.78	DR *
6503	103100061802	51020800	CGEX110713	07/15/2011					9.68	DR
									9.74	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX110629	07/02/2011					19.42	DR *
6503	103100061802	51020900	CGEX110713	07/15/2011					3.45	DR
									3.48	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	103100061802	52032300	CGEX110721	07/22/2011	865509				6.93	DR *
									2,521.11	DR **
									10,171.90	DR ***
									150.96	DR
OBJSUB: 5203230 AUTO-PRIV. (OUT-STATE) H/R										
6503	103100061802	52033000	CGEX110721	07/22/2011	865509				150.96	DR *
									506.91	DR
OBJSUB: 5203300 LODGING/OUT-OF-STATE										
6503	103100061802	52033200	CGEX110721	07/22/2011	865509				506.91	DR *
									30.00	DR
OBJSUB: 5203320 INCIDENTALS-OUT-OF-STATE										
6503	103100061802	52033500	CGEX110721	07/22/2011	865509				30.00	DR *
									42.00	DR
OBJSUB: 5203350 NON-TAXABLE MEALS/OUT-ST										
									42.00	DR *

South Dakota Board of Accountancy

Balance Sheet

As of July 31, 2011

	Jul 31, 11
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	34,684.23
1140000 · Pool Cash State of SD	356,149.87
Total Checking/Savings	390,834.10
Other Current Assets	
1131000 · Cash-Security Lending Collatera	22,975.91
1213000 · Investment Income Receivable	1,957.59
Total Other Current Assets	24,933.50
Total Current Assets	415,767.60
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-93,793.35
Total 1670000 · Computer Software	46,269.88
Total Fixed Assets	46,269.88
TOTAL ASSETS	462,037.48
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	9,169.23
Total Accounts Payable	9,169.23
Other Current Liabilities	
2510000 · Deferred Revenue	18,595.00
2810000 · Amounts Held for Others	32,859.43
Total Other Current Liabilities	51,454.43
Total Current Liabilities	60,623.66
Long Term Liabilities	
2960000 · Compensated Absences Payable	11,162.26
Total Long Term Liabilities	11,162.26
Total Liabilities	71,785.92
Equity	
3220000 · Unrestricted Net Assets	210,088.86
3300100 · Invested In Capital Assets	46,269.88
3900 · Retained Earnings	47,118.31
Net Income	86,774.51
Total Equity	390,251.56
TOTAL LIABILITIES & EQUITY	462,037.48

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2011

	Jul 11	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	275.00	3,000.00	-2,725.00	9.2%
4293551 · Certificate Renewals-Active	35,150.00	49,000.00	-13,850.00	71.7%
4293552 · Certificate Renewals-Inactive	11,850.00	19,500.00	-7,650.00	60.8%
4293553 · Certificate Renewals-Retired	240.00	700.00	-460.00	34.3%
4293554 · Initial Firm Permits	150.00	1,250.00	-1,100.00	12.0%
4293555 · Firm Permit Renewals	13,100.00	18,350.00	-5,250.00	71.4%
4293557 · Initial Audit	180.00	600.00	-420.00	30.0%
4293558 · Re-Exam Audit	360.00	1,890.00	-1,530.00	19.0%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals	0.00	4,000.00	-4,000.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	0.00	800.00	-800.00	0.0%
4293564 · Late Fees-Peer Review	50.00	1,100.00	-1,050.00	4.5%
4293566 · Firm Permit Individual	39,845.00	64,000.00	-24,155.00	62.3%
4293567 · Peer Review Admin Fee	75.00	5,650.00	-5,575.00	1.3%
4293568 · Firm Permit Name Change	55.00	100.00	-45.00	55.0%
4293569 · Initial FAR	120.00	990.00	-870.00	12.1%
4293570 · Initial REG	150.00	530.00	-380.00	28.3%
4293571 · Initial BEC	120.00	780.00	-660.00	15.4%
4293572 · Re-Exam FAR	150.00	1,710.00	-1,560.00	8.8%
4293573 · Re-Exam REG	210.00	1,800.00	-1,590.00	11.7%
4293574 · Re-Exam BEC	300.00	1,920.00	-1,620.00	15.6%
4491000 · Interest and Dividend Revenue	0.00	15,000.00	-15,000.00	0.0%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	102,430.00	193,670.00	-91,240.00	52.9%
Gross Profit	102,430.00	193,670.00	-91,240.00	52.9%
Expense				
5101010 · F-T Emp Sal & Wages	5,459.52	66,239.00	-60,779.48	8.2%
5101020 · P-T/Temp Emp Sal & Wages	1,471.27	19,380.00	-17,908.73	7.6%
5101030 · Board & Comm Mbrs Fees	720.00	4,020.00	-3,300.00	17.9%
5102010 · OASI-Employer's Share	545.12	6,549.00	-6,003.88	8.3%
5102020 · Retirement-ER Share	415.86	5,147.00	-4,731.14	8.1%
5102060 · Health /Life Ins.-ER Share	1,533.78	17,869.00	-16,335.22	8.6%
5102080 · Worker's Compensation	19.42	133.00	-113.58	14.6%
5102090 · Unemployment Insurance	6.93	55.00	-48.07	12.6%
5203010 · Auto--State Owned	0.00	1,000.00	-1,000.00	0.0%
5203020 · Auto-Private-Owned Low Mileage	0.00	300.00	-300.00	0.0%
5203030 · In State-Auto- Priv. High Miles	0.00	1,700.00	-1,700.00	0.0%
5203100 · In State-Lodging	0.00	1,000.00	-1,000.00	0.0%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	500.00	-500.00	0.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	0.00	6,700.00	-6,700.00	0.0%
5203280 · OS-Other Public Carrier	0.00	500.00	-500.00	0.0%
5203300 · OS-Lodging	0.00	7,800.00	-7,800.00	0.0%
5203320 · OS-Incidentals to Travel	0.00	350.00	-350.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	1,000.00	-1,000.00	0.0%
5204010 · Subscriptions	0.00	1,500.00	-1,500.00	0.0%
5204020 · Dues and Membership Fees	0.00	3,900.00	-3,900.00	0.0%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204160 · Workshop Registration Fees	0.00	5,400.00	-5,400.00	0.0%
5204180 · Computer Services-State	57.00	600.00	-543.00	9.5%
5204181 · Computer Development Serv-State	475.20	10,400.00	-9,924.80	4.6%
5204200 · Central Services	1,248.87	7,000.00	-5,751.13	17.8%
5204220 · Equipment Service & Maintenance	7.62	300.00	-292.38	2.5%
5204230 · Janitorial/Maintenance Services	119.86	1,560.00	-1,440.14	7.7%
5204340 · Computer Software Maintenance	0.00	1,000.00	-1,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	93.60	4,500.00	-4,406.40	2.1%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	15,531.00	-14,261.55	8.2%
5204530 · Telecommunications Services	95.00	2,500.00	-2,405.00	3.8%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2011

	Jul 11	Budget	\$ Over Budget	% of Budget
5204540 - Electricity	50.79	865.00	-814.21	5.9%
5204560 - Water	22.35	240.00	-217.65	9.3%
5204590 - Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 - Bank Fees and Charges	428.38	2,700.00	-2,271.62	15.9%
5205020 - Office Supplies	48.89	1,700.00	-1,651.11	2.9%
5205310 - Printing State	0.00	500.00	-500.00	0.0%
5205320 - Printing/Duplicating/Binding Co	0.00	1,000.00	-1,000.00	0.0%
5205330 - Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 - Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 - Postage	0.00	3,100.00	-3,100.00	0.0%
5207430 - Office Machines	0.00	100.00	-100.00	0.0%
5207900 - Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 - System Development	0.00	500.00	-500.00	0.0%
5207955 - Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 - Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 - Operating Transfers Out-NonBudg	560.72	7,400.00	-6,839.28	7.6%
5228030 - Depreciation Expense	1,005.86	12,070.40	-11,064.54	8.3%
Total Expense	15,655.49	237,818.40	-222,162.91	6.6%
Net Ordinary Income	86,774.51	-44,148.40	130,922.91	-196.6%
Net Income	86,774.51	-44,148.40	130,922.91	-196.6%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
July 2011

	<u>Jul 11</u>	<u>Jul 10</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	275.00	250.00	25.00	10.0%
4293551 · Certificate Renewals-Active	35,150.00	31,050.00	4,100.00	13.2%
4293552 · Certificate Renewals-Inactive	11,850.00	11,600.00	250.00	2.2%
4293553 · Certificate Renewals-Retired	240.00	230.00	10.00	4.4%
4293554 · Initial Firm Permits	150.00	100.00	50.00	50.0%
4293555 · Firm Permit Renewals	13,100.00	12,400.00	700.00	5.7%
4293557 · Initial Audit	180.00	30.00	150.00	500.0%
4293558 · Re-Exam Audit	360.00	270.00	90.00	33.3%
4293560 · Late Fees-Initial Certificate	50.00	0.00	50.00	100.0%
4293564 · Late Fees-Peer Review	50.00	250.00	-200.00	-80.0%
4293566 · Firm Permit Individual	39,845.00	46,240.00	-6,395.00	-13.8%
4293567 · Peer Review Admin Fee	75.00	375.00	-300.00	-80.0%
4293568 · Firm Permit Name Change	55.00	25.00	30.00	120.0%
4293569 · Initial FAR	120.00	90.00	30.00	33.3%
4293570 · Initial REG	150.00	30.00	120.00	400.0%
4293571 · Initial BEC	120.00	150.00	-30.00	-20.0%
4293572 · Re-Exam FAR	150.00	150.00	0.00	0.0%
4293573 · Re-Exam REG	210.00	270.00	-60.00	-22.2%
4293574 · Re-Exam BEC	300.00	300.00	0.00	0.0%
Total Income	102,430.00	103,810.00	-1,380.00	-1.3%
Gross Profit	102,430.00	103,810.00	-1,380.00	-1.3%
Expense				
5101010 · F-T Emp Sal & Wages	5,459.52	8,189.28	-2,729.76	-33.3%
5101020 · P-T/Temp Emp Sal & Wages	1,471.27	2,327.86	-856.59	-36.8%
5101030 · Board & Comm Mbrs Fees	720.00	1,080.00	-360.00	-33.3%
5102010 · OASI-Employer's Share	545.12	846.96	-301.84	-35.6%
5102020 · Retirement-ER Share	415.86	631.04	-215.18	-34.1%
5102060 · Health /Life Ins.-ER Share	1,533.78	2,300.67	-766.89	-33.3%
5102080 · Worker's Compensation	19.42	17.88	1.54	8.6%
5102090 · Unemployment Insurance	6.93	8.94	-2.01	-22.5%
5203030 · In State-Auto- Priv. High Miles	0.00	203.50	-203.50	-100.0%
5203260 · OS-Air Commercial Carrier	0.00	1,345.10	-1,345.10	-100.0%
5203280 · OS-Other Public Carrier	0.00	42.00	-42.00	-100.0%
5203300 · OS-Lodging	0.00	1,840.40	-1,840.40	-100.0%
5203320 · OS-Incidentals to Travel	0.00	61.00	-61.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	259.00	-259.00	-100.0%
5204180 · Computer Services-State	57.00	57.00	0.00	0.0%
5204181 · Computer Development Serv-State	475.20	1,056.00	-580.80	-55.0%
5204200 · Central Services	1,248.87	1,183.09	65.78	5.6%
5204220 · Equipment Service & Maintenance	7.62	9.55	-1.93	-20.2%
5204230 · Janitorial/Maintenance Services	119.86	119.86	0.00	0.0%
5204460 · Equipment Rental	93.60	690.60	-597.00	-86.5%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	95.00	289.41	-194.41	-67.2%
5204540 · Electricity	50.79	62.76	-11.97	-19.1%
5204560 · Water	22.35	0.00	22.35	100.0%
5204740 · Bank Fees and Charges	428.38	536.96	-108.58	-20.2%
5205020 · Office Supplies	48.89	23.85	25.04	105.0%
5205320 · Printing/Duplicating/Binding Co	0.00	6.90	-6.90	-100.0%
5205350 · Postage	0.00	26.08	-26.08	-100.0%
5228000 · Operating Transfers Out-NonBudg	560.72	0.00	560.72	100.0%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	15,655.49	25,491.00	-9,835.51	-38.6%
Net Ordinary Income	86,774.51	78,319.00	8,455.51	10.8%
Net Income	86,774.51	78,319.00	8,455.51	10.8%

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

COMPANY	CENTER	ACCOUNT
6503	103100061802	1140000
COMPANY/SOURCE TOTAL 6503 618		
COMP/BUDG UNIT TOTAL 6503 1031		
BUDGET UNIT TOTAL 1031		

BALANCE	DR/CR	CENTER DESCRIPTION
414,362.82	DR	BOARD OF ACCOUNTANCY
414,362.82	DR *	
414,362.82	DR **	
414,362.82	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 08/31/2011

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
COMPANY NO 6503										
COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX110728	08/03/2011					2,481.60	DR
6503	103100061802	51010100	CGEX110812	08/17/2011					2,729.76	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX110728	08/03/2011					5,211.36	DR *
6503	103100061802	51010200	CGEX110812	08/17/2011					675.53	DR
									851.16	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX110812	08/17/2011					1,526.69	DR *
									360.00	DR
OBJSUB: 5101030 BOARD & COMM MERS FEES										
6503	103100061802	51020100	CGEX110728	08/03/2011					360.00	DR *
6503	103100061802	51020100	CGEX110812	08/17/2011					7,098.05	DR **
6503	103100061802	51020100	CGEX110829	08/31/2011	911940				221.44	DR
									281.39	DR
									.69	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX110728	08/03/2011					503.52	DR *
6503	103100061802	51020200	CGEX110812	08/17/2011					189.43	DR
									214.86	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX110728	08/03/2011					404.29	DR *
6503	103100061802	51020600	CGEX110812	08/17/2011					766.89	DR
									766.89	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX110728	08/03/2011					1,533.78	DR *
6503	103100061802	51020800	CGEX110812	08/17/2011					8.83	DR
									10.03	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX110728	08/03/2011					18.86	DR *
6503	103100061802	51020900	CGEX110812	08/17/2011					3.17	DR
									3.58	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	103100061802	51020900	CGEX110728	08/03/2011					6.75	DR *
6503	103100061802	51020900	CGEX110812	08/17/2011					2,467.20	DR **
									9,565.25	DR ***
OBJSUB: 5102090 AUTO PRIV (IN-ST.) L/RTE										
6503	103100061802	52030200	CGEX110829	08/31/2011	911941				90.40	DR
6503	103100061802	52030200	CGEX110829	08/31/2011	911942				90.40	DR
OBJSUB: 5203020 AUTO PRIV (IN-ST.) L/RTE										
6503	103100061802	52030300	CGEX110829	08/31/2011	911943				180.80	DR *
6503	103100061802	52030300	CGEX110829	08/31/2011	911944				252.34	DR
6503	103100061802	52030300	CGEX110829	08/31/2011	911940				145.78	DR
									48.84	DR
OBJSUB: 5203030 AUTO-PRIV (IN-ST.) H/RTE										
6503	103100061802	52031000	2938--43	09/02/2011	99770728	COUNTRYINN	12007892		446.96	DR *
									407.50	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 08/31/2011

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	103100061802	52031400 LODGING/IN-STATE	CGEX110829	08/31/2011	911940				407.50	DR *
									9.00	DR
6503	103100061802	52031500 TAXABLE MEALS/IN-STATE	CGEX110829	08/31/2011	911943				9.00	DR *
6503	103100061802	52031500	CGEX110829	08/31/2011	911941				38.00	DR
6503	103100061802	52031500	CGEX110829	08/31/2011	911945				26.00	DR
6503	103100061802	52031500	CGEX110829	08/31/2011	911944				26.00	DR
6503	103100061802	52031500	CGEX110829	08/31/2011	911942				14.00	DR
6503	103100061802	52032300 NON-TAXABLE MEALS/IN-ST	CGEX110803	08/03/2011	887572				130.00	DR *
									296.52	DR
6503	103100061802	52033000 AUTO-PRIV. (OUT-STATE) H/R	CGEX110803	08/03/2011	887572				296.52	DR *
									337.94	DR
6503	103100061802	52033500 LODGING/OUT-OF-STATE	CGEX110803	08/03/2011	887572				337.94	DR *
									62.00	DR
6503	103100061802	52041800 NON-TAXABLE MEALS/OUT-ST	DP106101	08/10/2011					62.00	DR *
									1,870.72	DR **
									532.20	DR
6503	103100061802	52042000 COMPUTER SERVICES-STATE	FM106069	08/05/2011					532.20	DR *
6503	103100061802	52042000	PL207056	08/26/2011					1,009.34	DR
6503	103100061802	52042000	PL106047	08/05/2011					158.67	DR
									8.25	DR
6503	103100061802	52042200 CENTRAL SERVICES	INV790045	08/31/2011	99770269	MARCOINC	12201534		1,176.26	DR *
			117848	08/03/2011	01967022	BESTBUSINE	12031022		13.16	DR
									7.62	DR
6503	103100061802	52042300 EQUIPMENT SERV & MAINT	12SC100008 AUG11	08/26/2011	99768911	SUNSETOFFI	12043890		20.78	DR *
									119.86	DR
6503	103100061802	52043400 JANITORIAL & MAINT SERV	26352	08/31/2011	99770183	ELBOCOMPUT	12124520		119.86	DR *
									52.50	DR
6503	103100061802	52044600 COMPUTER SOFTWARE MAINT	INV790045	08/31/2011	99770269	MARCOINC	12201534		52.50	DR *
6503	103100061802	52044600	117848	08/03/2011	01967022	BESTBUSINE	12031022		93.60	DR
									93.60	DR
6503	103100061802	52044800 EQUIPMENT RENTAL	N01207002	08/03/2011					187.20	DR *
									462.66	DR
6503	103100061802	52044900 MICROFILM & PHOTOGRAPHY	ACCOUNTRENTSEP11	08/24/2011	01969118	MCGINNISRO	12074040		462.66	DR *
									1,269.45	DR
6503	103100061802	52044900 RENTS-PRIVATE OWNED PROP.							1,269.45	DR *

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 08/31/2011

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	103100061802	52045300	TL106161	08/10/2011					63.65	DR
6503	103100061802	52045300	TL207162	08/31/2011					83.56	DR
6503	103100061802	52045300	111109001 JUL 11	08/31/2011	99769577	MIDCONTINE	12023782		95.00	DR
6503	103100061802	52045300	80111	08/05/2011	99760374	MIDCONTINE	12023782	04	95.00	DR
OBJSUB:	5204530	TELECOMMUNICATIONS SVCS								
6503	103100061802	52045400	5159417006 JUL11	08/03/2011	01966968	XCELENERGY	12023853		337.21	DR *
									50.79	DR
OBJSUB:	5204540	ELECTRICITY								
6503	103100061802	52045600	86837	08/12/2011	99764539	ECOWATER	12035896		50.79	DR *
									22.35	DR
OBJSUB:	5204560	WATER								
6503	103100061802	52047400	C1102A-022	08/10/2011	129904				22.35	DR *
									1,726.51	DR
OBJSUB:	5204740	BANK FEES AND CHARGES								
6503	103100061802	52049600	13379399	08/26/2011	99768520	NATLASSNST	12005047		1,726.51	DR *
									6,444.38	DR
OBJSUB:	5204960	OTHER CONTRACTUAL SERVICE								
OBJECT:	5204	CONTRACTUAL SERVICES								
6503	103100061802	52050200	1526905-1	08/12/2011	01968007	BROWNSAENG	12028533		6,444.38	DR *
									12,402.15	DR **
									40.64	DR
OBJSUB:	5205020	OFFICE SUPPLIES								
6503	103100061802	52053200	34731	08/17/2011	99765257	BUSINESSPR	12003048		40.64	DR *
									36.00	DR
OBJSUB:	5205320	PRINTING-COMMERCIAL								
OBJECT:	5205	SUPPLIES & MATERIALS								
6503	103100061802	5228000	T102-007	08/10/2011					36.00	DR *
									76.64	DR **
									469.94	DR
OBJSUB:	5228000	OPER TRANS OUT -NON BUDGT								
OBJECT:	5228	NONOP EXP/NONBGTD OF TR								
GROUP:	52	OPERATING EXPENSES								
COMP:	6503									
CNTR:	103100061802									
B. UNIT:	1031									

469.94 DR *

469.94 DR **

14,819.45 DR ***

24,384.70 DR ****

24,384.70 DR *****

24,384.70 DR *****

South Dakota Board of Accountancy
Balance Sheet
As of August 31, 2011

	Aug 31, 11
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	1,549.58
1140000 · Pool Cash State of SD	416,518.17
Total Checking/Savings	418,067.75
Other Current Assets	
1131000 · Cash-Security Lending Collatera	22,975.91
1213000 · Investment Income Receivable	1,957.59
Total Other Current Assets	24,933.50
Total Current Assets	443,001.25
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-94,799.21
Total 1670000 · Computer Software	45,264.02
Total Fixed Assets	45,264.02
TOTAL ASSETS	488,265.27
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	11,073.13
Total Accounts Payable	11,073.13
Other Current Liabilities	
2510000 · Deferred Revenue	18,595.00
2810000 · Amounts Held for Others	26,546.80
Total Other Current Liabilities	45,141.80
Total Current Liabilities	56,214.93
Long Term Liabilities	
2960000 · Compensated Absences Payable	11,162.26
Total Long Term Liabilities	11,162.26
Total Liabilities	67,377.19
Equity	
3220000 · Unrestricted Net Assets	211,094.72
3300100 · Invested In Capital Assets	45,264.02
3900 · Retained Earnings	47,181.96
Net Income	117,347.38
Total Equity	420,888.08
TOTAL LIABILITIES & EQUITY	488,265.27

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through August 2011

	Jul - Aug 11	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	500.00	3,000.00	-2,500.00	16.7%
4293551 · Certificate Renewals-Active	46,350.00	49,000.00	-2,650.00	94.6%
4293552 · Certificate Renewals-Inactive	16,250.00	19,500.00	-3,250.00	83.3%
4293553 · Certificate Renewals-Retired	390.00	700.00	-310.00	55.7%
4293554 · Initial Firm Permits	350.00	1,250.00	-900.00	28.0%
4293555 · Firm Permit Renewals	17,150.00	18,350.00	-1,200.00	93.5%
4293557 · Initial Audit	210.00	600.00	-390.00	35.0%
4293558 · Re-Exam Audit	420.00	1,890.00	-1,470.00	22.2%
4293560 · Late Fees-Initial Certificate	50.00			
4293561 · Late Fees-Certificate Renewals	2,300.00	4,000.00	-1,700.00	57.5%
4293563 · Late Fees-Firm Permit Renewals	500.00	800.00	-300.00	62.5%
4293564 · Late Fees-Peer Review	100.00	1,100.00	-1,000.00	9.1%
4293566 · Firm Permit Individual	64,155.00	64,000.00	155.00	100.2%
4293567 · Peer Review Admin Fee	150.00	5,650.00	-5,500.00	2.7%
4293568 · Firm Permit Name Change	80.00	100.00	-20.00	80.0%
4293569 · Initial FAR	150.00	990.00	-840.00	15.2%
4293570 · Initial REG	180.00	530.00	-350.00	34.0%
4293571 · Initial BEC	150.00	780.00	-630.00	19.2%
4293572 · Re-Exam FAR	270.00	1,710.00	-1,440.00	15.8%
4293573 · Re-Exam REG	300.00	1,800.00	-1,500.00	16.7%
4293574 · Re-Exam BEC	390.00	1,920.00	-1,530.00	20.3%
4491000 · Interest and Dividend Revenue	0.00	15,000.00	-15,000.00	0.0%
4896021 · Legal Recovery Cost	650.00	1,000.00	-350.00	65.0%
Total Income	151,045.00	193,670.00	-42,625.00	78.0%
Gross Profit	151,045.00	193,670.00	-42,625.00	78.0%
Expense				
5101010 · F-T Emp Sal & Wages	10,670.88	66,239.00	-55,568.12	16.1%
5101020 · P-T/Temp Emp Sal & Wages	2,997.96	19,380.00	-16,382.04	15.5%
5101030 · Board & Comm Mbrs Fees	1,080.00	4,020.00	-2,940.00	26.9%
5102010 · OASI-Employer's Share	1,048.64	6,549.00	-5,500.36	16.0%
5102020 · Retirement-ER Share	820.15	5,147.00	-4,326.85	15.9%
5102060 · Health /Life Ins.-ER Share	3,067.56	17,869.00	-14,801.44	17.2%
5102080 · Worker's Compensation	38.28	133.00	-94.72	28.8%
5102090 · Unemployment Insurance	13.68	55.00	-41.32	24.9%
5203010 · Auto--State Owned	0.00	1,000.00	-1,000.00	0.0%
5203020 · Auto-Private-Ownes Low Mileage	180.80	300.00	-119.20	60.3%
5203030 · In State-Auto- Priv. High Miles	446.96	1,700.00	-1,253.04	26.3%
5203100 · In State-Lodging	407.50	1,000.00	-592.50	40.8%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	9.00	100.00	-91.00	9.0%
5203150 · InState-Non-Tax Meals OverNight	130.00	500.00	-370.00	26.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	0.00	6,700.00	-6,700.00	0.0%
5203280 · OS-Other Public Carrier	0.00	500.00	-500.00	0.0%
5203300 · OS-Lodging	0.00	7,800.00	-7,800.00	0.0%
5203320 · OS-Incidentals to Travel	0.00	350.00	-350.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	1,000.00	-1,000.00	0.0%
5204010 · Subscriptions	0.00	1,500.00	-1,500.00	0.0%
5204020 · Dues and Membership Fees	0.00	3,900.00	-3,900.00	0.0%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204160 · Workshop Registration Fees	0.00	5,400.00	-5,400.00	0.0%
5204180 · Computer Services-State	57.00	600.00	-543.00	9.5%
5204181 · Computer Development Serv-State	1,133.20	10,400.00	-9,266.80	10.9%
5204200 · Central Services	1,407.54	7,000.00	-5,592.46	20.1%
5204220 · Equipment Service & Maintenance	20.78	300.00	-279.22	6.9%
5204230 · Janitorial/Maintenance Services	239.72	1,560.00	-1,320.28	15.4%
5204340 · Computer Software Maintenance	212.50	1,000.00	-787.50	21.3%
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	784.20	4,500.00	-3,715.80	17.4%
5204480 · Microfilm and Photography	462.66	700.00	-237.34	66.1%
5204490 · Rents Privately Owned Property	2,538.90	15,531.00	-12,992.10	16.3%
5204530 · Telecommunications Services	355.18	2,500.00	-2,144.82	14.2%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July through August 2011

	Jul - Aug 11	Budget	\$ Over Budget	% of Budget
5204540 · Electricity	123.52	865.00	-741.48	14.3%
5204560 · Water	22.35	240.00	-217.65	9.3%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	2,301.39	2,700.00	-398.61	85.2%
5205020 · Office Supplies	48.89	1,700.00	-1,651.11	2.9%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	36.00	1,000.00	-964.00	3.6%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	0.00	3,100.00	-3,100.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	1,030.66	7,400.00	-6,369.34	13.9%
5228030 · Depreciation Expense	2,011.72	12,070.40	-10,058.68	16.7%
Total Expense	33,697.62	237,818.40	-204,120.78	14.2%
Net Ordinary Income	117,347.38	-44,148.40	161,495.78	-265.8%
Net Income	117,347.38	-44,148.40	161,495.78	-265.8%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
August 2011

	Aug 11	Aug 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	225.00	125.00	100.00	80.0%
4293551 · Certificate Renewals-Active	11,200.00	15,000.00	-3,800.00	-25.3%
4293552 · Certificate Renewals-Inactive	4,400.00	2,550.00	1,850.00	72.6%
4293553 · Certificate Renewals-Retired	150.00	60.00	90.00	150.0%
4293554 · Initial Firm Permits	200.00	200.00	0.00	0.0%
4293555 · Firm Permit Renewals	4,050.00	3,750.00	300.00	8.0%
4293557 · Initial Audit	30.00	120.00	-90.00	-75.0%
4293558 · Re-Exam Audit	60.00	90.00	-30.00	-33.3%
4293561 · Late Fees-Certificate Renewals	2,300.00	4,100.00	-1,800.00	-43.9%
4293563 · Late Fees-Firm Permit Renewals	500.00	950.00	-450.00	-47.4%
4293564 · Late Fees-Peer Review	50.00	0.00	50.00	100.0%
4293566 · Firm Permit Individual	24,310.00	12,545.00	11,765.00	93.8%
4293567 · Peer Review Admin Fee	75.00	0.00	75.00	100.0%
4293568 · Firm Permit Name Change	25.00	25.00	0.00	0.0%
4293569 · Initial FAR	30.00	180.00	-150.00	-83.3%
4293570 · Initial REG	30.00	90.00	-60.00	-66.7%
4293571 · Initial BEC	30.00	120.00	-90.00	-75.0%
4293572 · Re-Exam FAR	120.00	120.00	0.00	0.0%
4293573 · Re-Exam REG	90.00	90.00	0.00	0.0%
4293574 · Re-Exam BEC	90.00	120.00	-30.00	-25.0%
4896021 · Legal Recovery Cost	650.00	0.00	650.00	100.0%
Total Income	48,615.00	40,235.00	8,380.00	20.8%
Gross Profit	48,615.00	40,235.00	8,380.00	20.8%
Expense				
5101010 · F-T Emp Sal & Wages	5,211.36	2,623.00	2,588.36	98.7%
5101020 · P-T/Temp Emp Sal & Wages	1,526.69	778.19	748.50	96.2%
5101030 · Board & Comm Mbrs Fees	360.00	60.00	300.00	500.0%
5102010 · OASI-Employer's Share	503.52	251.38	252.14	100.3%
5102020 · Retirement-ER Share	404.29	204.07	200.22	98.1%
5102060 · Health /Life Ins.-ER Share	1,533.78	766.89	766.89	100.0%
5102080 · Worker's Compensation	18.86	5.78	13.08	226.3%
5102090 · Unemployment Insurance	6.75	2.89	3.86	133.6%
5203020 · Auto-Private-Ownes Low Mileage	180.80	271.20	-90.40	-33.3%
5203030 · In State-Auto- Priv. High Miles	446.96	194.62	252.34	129.7%
5203100 · In State-Lodging	407.50	93.00	314.50	338.2%
5203140 · InState-Tax Meals Not OverNigt	9.00	9.00	0.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	130.00	137.00	-7.00	-5.1%
5204160 · Workshop Registration Fees	0.00	80.00	-80.00	-100.0%
5204180 · Computer Servlces-State	0.00	57.00	-57.00	-100.0%
5204181 · Computer Development Serv-State	658.00	1,272.00	-614.00	-48.3%
5204200 · Central Services	158.67	305.73	-147.06	-48.1%
5204220 · Equipment Service & Maintenance	13.16	9.93	3.23	32.5%
5204230 · Janitorial/Maintenance Services	119.86	119.86	0.00	0.0%
5204340 · Computer Software Maintenance	212.50	265.00	-52.50	-19.8%
5204440 · Newsletter Publishing	0.00	486.89	-486.89	-100.0%
5204460 · Equipment Rental	690.60	690.60	0.00	0.0%
5204480 · Microfilm and Photography	462.66	0.00	462.66	100.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	260.18	184.16	76.02	41.3%
5204540 · Electricity	72.73	85.43	-12.70	-14.9%
5204740 · Bank Fees and Charges	1,873.01	1,246.47	626.54	50.3%
5205020 · Office Supplies	0.00	77.24	-77.24	-100.0%
5205320 · Printing/Duplicating/Binding Co	36.00	315.72	-279.72	-88.6%
5205350 · Postage	0.00	481.07	-481.07	-100.0%
5228000 · Operating Transfers Out-NonBudg	469.94	834.82	-364.88	-43.7%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	18,042.13	14,184.25	3,857.88	27.2%
Net Ordinary Income	30,572.87	26,050.75	4,522.12	17.4%
Net Income	30,572.87	26,050.75	4,522.12	17.4%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July through August 2011

	Jul - Aug 11	Jul - Aug 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	500.00	375.00	125.00	33.3%
4293551 · Certificate Renewals-Active	46,350.00	46,050.00	300.00	0.7%
4293552 · Certificate Renewals-Inactive	16,250.00	14,150.00	2,100.00	14.8%
4293553 · Certificate Renewals-Retired	390.00	290.00	100.00	34.5%
4293554 · Initial Firm Permits	350.00	300.00	50.00	16.7%
4293555 · Firm Permit Renewals	17,150.00	16,150.00	1,000.00	6.2%
4293557 · Initial Audit	210.00	150.00	60.00	40.0%
4293558 · Re-Exam Audit	420.00	360.00	60.00	16.7%
4293560 · Late Fees-Initial Certificate	50.00	0.00	50.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,300.00	4,100.00	-1,800.00	-43.9%
4293563 · Late Fees-Firm Permit Renewals	500.00	950.00	-450.00	-47.4%
4293564 · Late Fees-Peer Review	100.00	250.00	-150.00	-60.0%
4293566 · Firm Permit Individual	64,155.00	58,785.00	5,370.00	9.1%
4293567 · Peer Review Admin Fee	150.00	375.00	-225.00	-60.0%
4293568 · Firm Permit Name Change	80.00	50.00	30.00	60.0%
4293569 · Initial FAR	150.00	270.00	-120.00	-44.4%
4293570 · Initial REG	180.00	120.00	60.00	50.0%
4293571 · Initial BEC	150.00	270.00	-120.00	-44.4%
4293572 · Re-Exam FAR	270.00	270.00	0.00	0.0%
4293573 · Re-Exam REG	300.00	360.00	-60.00	-16.7%
4293574 · Re-Exam BEC	390.00	420.00	-30.00	-7.1%
4896021 · Legal Recovery Cost	650.00	0.00	650.00	100.0%
Total Income	151,045.00	144,045.00	7,000.00	4.9%
Gross Profit	151,045.00	144,045.00	7,000.00	4.9%
Expense				
5101010 · F-T Emp Sal & Wages	10,670.88	10,812.28	-141.40	-1.3%
5101020 · P-T/Temp Emp Sal & Wages	2,997.96	3,106.05	-108.09	-3.5%
5101030 · Board & Comm Mbrs Fees	1,080.00	1,140.00	-60.00	-5.3%
5102010 · OASI-Employer's Share	1,048.64	1,098.34	-49.70	-4.5%
5102020 · Retirement-ER Share	820.15	835.11	-14.96	-1.8%
5102060 · Health /Life Ins.-ER Share	3,067.56	3,067.56	0.00	0.0%
5102080 · Worker's Compensation	38.28	23.66	14.62	61.8%
5102090 · Unemployment Insurance	13.68	11.83	1.85	15.6%
5203020 · Auto-Private-Ownes Low Mileage	180.80	271.20	-90.40	-33.3%
5203030 · In State-Auto- Priv. High Miles	446.96	398.12	48.84	12.3%
5203100 · In State-Lodging	407.50	93.00	314.50	338.2%
5203140 · InState-Tax Meals Not OverNigt	9.00	9.00	0.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	130.00	137.00	-7.00	-5.1%
5203260 · OS-Air Commercial Carrier	0.00	1,345.10	-1,345.10	-100.0%
5203280 · OS-Other Public Carrier	0.00	42.00	-42.00	-100.0%
5203300 · OS-Lodging	0.00	1,840.40	-1,840.40	-100.0%
5203320 · OS-Incidentals to Travel	0.00	61.00	-61.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	259.00	-259.00	-100.0%
5204160 · Workshop Registration Fees	0.00	80.00	-80.00	-100.0%
5204180 · Computer Services-State	57.00	114.00	-57.00	-50.0%
5204181 · Computer Development Serv-State	1,133.20	2,328.00	-1,194.80	-51.3%
5204200 · Central Services	1,407.54	1,488.82	-81.28	-5.5%
5204220 · Equipment Service & Maintenance	20.78	19.48	1.30	6.7%
5204230 · Janitorial/Maintenance Services	239.72	239.72	0.00	0.0%
5204340 · Computer Software Maintenance	212.50	265.00	-52.50	-19.8%
5204440 · Newsletter Publishing	0.00	486.89	-486.89	-100.0%
5204460 · Equipment Rental	784.20	1,381.20	-597.00	-43.2%
5204480 · Microfilm and Photography	462.66	0.00	462.66	100.0%
5204490 · Rents Privately Owned Property	2,538.90	2,538.90	0.00	0.0%
5204530 · Telecommunications Services	355.18	473.57	-118.39	-25.0%
5204540 · Electricity	123.52	148.19	-24.67	-16.7%
5204560 · Water	22.35	0.00	22.35	100.0%
5204740 · Bank Fees and Charges	2,301.39	1,783.43	517.96	29.0%
5205020 · Office Supplies	48.89	101.09	-52.20	-51.6%
5205320 · Printing/Duplicating/Binding Co	36.00	322.62	-286.62	-88.8%
5205350 · Postage	0.00	507.15	-507.15	-100.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July through August 2011

	<u>Jul - Aug 11</u>	<u>Jul - Aug 10</u>	<u>\$ Change</u>	<u>% Change</u>
5228000 · Operating Transfers Out-NonBudg	1,030.66	834.82	195.84	23.5%
5228030 · Depreciation Expense	2,011.72	2,011.72	0.00	0.0%
Total Expense	<u>33,697.62</u>	<u>39,675.25</u>	<u>-5,977.63</u>	<u>-15.1%</u>
Net Ordinary Income	<u>117,347.38</u>	<u>104,369.75</u>	<u>12,977.63</u>	<u>12.4%</u>
Net Income	<u><u>117,347.38</u></u>	<u><u>104,369.75</u></u>	<u><u>12,977.63</u></u>	<u><u>12.4%</u></u>

DATE	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		Daily Totals
	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	
Tuesday, June 15, 2010	0	0	0	0	1	0	0	0	1
Wednesday, June 16, 2010	3	0	1	0	8	0	3	0	15
Thursday, June 17, 2010	3	2	1	0	10	5	11	0	32
Friday, June 18, 2010	1	1	1	0	8	2	9	0	22
Saturday, June 19, 2010	0	0	2	0	3	1	1	0	7
Sunday, June 20, 2010	0	0	1	0	1	0	1	0	3
Monday, June 21, 2010	6	3	3	0	11	2	10	0	35
Tuesday, June 22, 2010	4	1	3	0	12	1	10	1	32
Wednesday, June 23, 2010	3	1	0	0	10	1	1	0	16
Thursday, June 24, 2010	2	0	0	0	2	1	5	0	10
Friday, June 25, 2010	2	1	0	0	9	0	2	0	14
Saturday, June 26, 2010	1	0	0	0	3	2	0	0	6
Sunday, June 27, 2010	1	0	1	0	2	0	3	1	8
Monday, June 28, 2010	6	1	0	0	12	0	4	0	23
Tuesday, June 29, 2010	2	0	0	0	10	0	3	0	15
Wednesday, June 30, 2010	2	0	1	0	10	3	3	0	19
Thursday, July 01, 2010	1	0	0	0	5	4	7	0	17
Friday, July 02, 2010	2	0	0	0	4	1	1	0	8
Saturday, July 03, 2010	0	0	0	0	0	0	1	0	1
Sunday, July 04, 2010	1	0	0	0	3	0	1	0	5
Monday, July 05, 2010	0	0	0	0	2	0	2	0	4
Tuesday, July 06, 2010	0	0	1	0	2	3	5	0	11
Wednesday, July 07, 2010	5	0	0	0	7	1	2	0	15
Thursday, July 08, 2010	4	0	0	0	6	1	3	0	14
Friday, July 09, 2010	4	0	0	0	6	0	8	0	18
Saturday, July 10, 2010	0	0	0	0	2	0	1	0	3
Sunday, July 11, 2010	0	0	0	0	0	0	2	0	2
Monday, July 12, 2010	2	0	0	0	7	0	4	0	13
Tuesday, July 13, 2010	4	0	1	0	12	2	2	0	21
Wednesday, July 14, 2010	4	0	1	0	9	1	2	0	17
Thursday, July 15, 2010	3	0	1	0	7	0	6	0	17
Friday, July 16, 2010	1	0	0	0	4	0	1	0	6
Saturday, July 17, 2010	1	0	2	0	0	0	1	0	4
Sunday, July 18, 2010	1	0	1	0	3	0	2	0	7
Monday, July 19, 2010	2	0	0	0	15	3	4	0	24
Tuesday, July 20, 2010	4	1	3	0	11	3	7	0	29
Wednesday, July 21, 2010	4	1	0	0	9	2	5	0	21
Thursday, July 22, 2010	2	0	0	0	8	0	4	0	14
Friday, July 23, 2010	3	0	1	0	12	2	5	0	23
Saturday, July 24, 2010	2	0	0	0	6	1	3	0	12
Sunday, July 25, 2010	0	1	0	0	4	0	3	0	8
Monday, July 26, 2010	3	3	0	0	16	3	8	0	33
Tuesday, July 27, 2010	7	3	1	0	14	1	11	0	37
Wednesday, July 28, 2010	6	0	0	0	12	3	7	0	28
Thursday, July 29, 2010	11	1	0	0	24	2	12	0	50
Friday, July 30, 2010	14	3	0	0	33	9	20	0	79
Saturday, July 31, 2010	6	1	0	0	15	1	7	0	30
Sunday, August 01, 2010	1	0	0	0	2	0	3	0	6
Monday, August 02, 2010	2	1	0	0	6	3	2	0	14
Tuesday, August 03, 2010	0	0	0	0	2	0	1	0	3
Wednesday, August 04, 2010	0	1	0	0	2	1	1	0	

DATE	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		Daily Totals
	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	
Wednesday, June 15, 2011	1	0	1	0	3	2	0	0	7
Thursday, June 16, 2011	1	0	1	0	10	1	4	0	17
Friday, June 17, 2011	3	1	1	0	12	1	6	0	24
Saturday, June 18, 2011	0	0	2	0	1	0	2	0	5
Sunday, June 19, 2011	0	0	0	0	4	0	0	0	4
Monday, June 20, 2011	7	1	3	0	10	0	15	0	36
Tuesday, June 21, 2011	6	0	1	0	14	2	8	0	31
Wednesday, June 22, 2011	2	0	0	0	6	1	3	0	12
Thursday, June 23, 2011	2	0	1	0	5	1	4	0	13
Friday, June 24, 2011	0	0	1	0	3	1	3	0	8
Saturday, June 25, 2011	0	0	0	0	3	0	3	0	6
Sunday, June 26, 2011	0	0	1	0	1	0	2	0	4
Monday, June 27, 2011	6	0	3	0	14	0	1	0	24
Tuesday, June 28, 2011	2	1	0	0	12	2	2	0	19
Wednesday, June 29, 2011	3	1	0	0	12	4	4	0	24
Thursday, June 30, 2011	3	2	0	0	12	2	3	1	23
Friday, July 1, 2011	1	0	0	0	9	0	3	0	13
Saturday, July 2, 2011	0	0	1	0	2	0	1	0	4
Sunday, July 3, 2011	0	0	0	0	1	0	0	1	2
Monday, July 4, 2011	1	0	0	0	3	0	1	0	5
Tuesday, July 5, 2011	2	0	0	0	13	2	10	0	27
Wednesday, July 6, 2011	3	0	1	0	12	1	9	0	26
Thursday, July 7, 2011	2	0	2	0	11	2	6	0	23
Friday, July 8, 2011	2	1	0	0	11	2	4	0	20
Saturday, July 9, 2011	1	0	1	0	4	0	2	0	8
Sunday, July 10, 2011	3	0	0	0	5	0	4	0	12
Monday, July 11, 2011	0	0	0	0	9	0	4	0	13
Tuesday, July 12, 2011	0	0	1	0	13	1	5	0	20
Wednesday, July 13, 2011	4	0	1	0	12	1	4	0	22
Thursday, July 14, 2011	4	1	0	0	11	2	6	0	24
Friday, July 15, 2011	2	0	1	0	6	2	6	0	17
Saturday, July 16, 2011	2	0	1	0	5	0	1	0	9
Sunday, July 17, 2011	4	1	0	0	8	0	0	0	13
Monday, July 18, 2011	8	1	4	0	13	4	5	0	35
Tuesday, July 19, 2011	5	0	0	0	12	6	3	0	26
Wednesday, July 20, 2011	5	3	0	0	17	2	7	0	34
Thursday, July 21, 2011	4	2	0	0	5	2	6	0	19
Friday, July 22, 2011	3	0	0	0	10	4	2	0	19
Saturday, July 23, 2011	0	0	0	0	6	0	0	0	6
Sunday, July 24, 2011	1	0	0	0	3	0	3	0	7
Monday, July 25, 2011	5	2	0	0	15	4	9	0	35
Tuesday, July 26, 2011	6	2	1	0	36	4	7	1	57
Wednesday, July 27, 2011	8	1	0	0	19	7	6	0	41
Thursday, July 28, 2011	16	3	1	0	53	12	31	0	116
Friday, July 29, 2011	18	5	1	0	40	11	30	0	105
Saturday, July 30, 2011	2	2	0	0	4	1	5	0	14
Sunday, July 31, 2011	2	1	1	0	12	0	5	0	21
Monday, August 1, 2011	12	2	1	0	15	6	17	1	54
Tuesday, August 2, 2011	2	0	0	0	1	0	0	0	3
Wednesday, August 3, 2011	1	0	0	0	1	0	1	0	3
Thursday, August 4, 2011	0	0	0	0	1	0	0	0	1
Friday, August 5, 2011	2	0	0	0	3	0	1	0	6
Tuesday, August 9, 2011	0	0	0	0	0	2	1	0	3
Wednesday, August 10, 2011	2	0	0	0	1	0	0	0	3
Friday, August 12, 2011	0	0	1	0	0	0	0	0	1
Monday, August 15, 2011	1	0	0	0	3	0	0	0	4
Tuesday, August 16, 2011	0	0	0	0	1	1	2	0	4
Wednesday, August 17, 2011	0	0	0	0	1	0	0	0	1
Friday, August 19, 2011	0	0	0	0	0	0	1	0	1
Saturday, August 20, 2011	0	0	0	0	1	0	0	0	1
Sunday, August 21, 2011	0	0	0	0	0	0	1	0	1
Monday, August 22, 2011	1	0	0	0	1	0	0	0	2
Tuesday, August 23, 2011	0	0	0	0	0	0	2	0	2
Wednesday, August 24, 2011	0	0	0	0	0	0	1	0	1
Thursday, August 25, 2011	0	0	0	0	0	0	1	0	1
Monday, August 29, 2011	0	0	0	0	0	0	1	0	1
Tuesday, September 6, 2011	0	0	0	0	0	0	1	0	1
Monday, September 12, 2011	1	0	0	0	0	0	0	0	1
Totals	172	33	34	0	531	96	275	4	1145
Totals per form	205		34		627		279		
Total Renewals									
Online & Via Mail	280		64		1089		400		1833
% Completed Online	73.21%		53.13%		57.58%		69.75%		62.47%
Expired Status	38		4		13		16		71
% Completed overall	88.05%		94.12%		98.82%		96.15%		96.27%

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Private Company Financial Reporting

The letter on PCFR was sent to NASBA and FAF with the Board supporting the majority position of the Blue Ribbon Panel to engage FAF in the creation of a separate standard setting board. A response from NASBA is attached.

The AICPA has requested permission to post the boards' letter of support on their website. The Board can approve or deny this request.

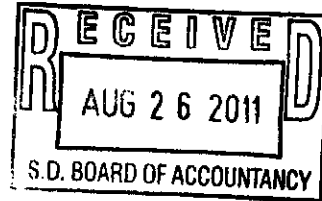
NASBA

National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

August 18, 2011

Holly Brunick, CPA
Chair, South Dakota Board of Accountancy
301 East 14th Street, Suite 200
Sioux Falls, South Dakota 57104



Re: Blue Ribbon Panel Recommendations

Dear Ms. Brunick:

Thank you for your letter regarding the Blue Ribbon Panel's recommendations to the Financial Accounting Foundation. The NASBA leadership appreciates communication from its State Board members, especially when it is well written and reasoned as is your letter.

As you can imagine, we have a variety of opinions and concerns in our midst on this matter and a number of letters in the works from other members. We will look forward to other State Boards submitting their views, hopefully as well written as yours. Such communication assists us in serving our members, the State Boards.

Thank you for taking the time to assist us. I hope we see you in Nashville for our Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael T. Daggett".

Michael T. Daggett, CPA
NASBA Chair

A handwritten signature in black ink, appearing to read "David A. Costello".

David A. Costello, CPA
NASBA President & CEO

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

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The Standards were last revised in 2002.

In May 2010, NASBA and the CPE Advisory Committee provided a forum for an open and candid discussion of the *Standards*. A key outcome of the forum was to develop a Task Force to help review, analyze and implement suggestions and changes to the *Standards*.

The NASBA CPE Advisory Committee with input from NASBA leadership selected 13 Task Force participants. Careful consideration was given as to the composition of the Task Force to ensure that all facets of the CPE community were represented. The Task Force is comprised of CPE program sponsors; CPE Advisory Committee members; state board of accountancy members; state society members; educators and a representative of the AICPA (provider side).

The Task Force developed its recommended revisions to the *Standards* and presented them to a Joint CPE Standards Committee made up of representatives from the AICPA and NASBA. The Joint CPE Standards Committee has finalized its recommendation to present to the respective AICPA and NASBA Boards of Directors at their upcoming meetings at the end of July/early August.

Overall:

The recommended revised *Standards* were organized to provide a more user-friendly format. A Table of Contents has been added with key word descriptions. Additionally, an Introduction has been included explaining the current revision process and the steps for future revisions and clarifications to the *Standards*.

Preamble:

Clarifications -

- Language included to provide flexibility for innovation in learning techniques.
- Language included to provide for future considerations around outcome based learning.
- Statement that the *Standards* provide the basic foundation for sound educational programs (the “minimum”)—sponsors may and can provide enhanced educational and evaluative techniques to programs.

Definitions:

Clarifications -

- Terms moved from glossary to front of document as definitions—terms considered part of the Standards
- Minor revisions/adjustments to definitions of other terms.

Additions -

- Definitions added for the following terms: archived; group internet based program; group live program; and word count formula.

Standards for CPAs:

Clarifications -

- Language modified in recommended revised *Standards* to describe as “General Guidelines for CPAs.” The intent of this section of the *Standards* is to inform CPE sponsors of the general responsibilities of CPAs in regards to CPE—not to be the reference source for CPAs for CPE compliance.
- Regarding acceptable fields of study for CPE, a link to the LearningMarket webpage that includes the NASBA 23 fields of study (subject areas) of CPE will be provided in the document.

Standards for CPE Program Sponsors:

Program Development:

Clarifications -

- Courses must specify knowledge level using basic, intermediate, advanced, update or overview.
- All courses must contain a publication or revision date.
- Course updates must occur as soon as feasible. Courses in subjects that undergo frequent changes must be reviewed at least once a year. Other courses must be reviewed at least every two years.
- Participation of at least one CPA is required in the development of every accounting and auditing course. The participation of a CPA, tax attorney or enrolled agent is required in the development of courses if in the field of taxes. The individual could be involved in the initial course development or the development review process.
- True/False questions are not permitted in final examination for self study programs.
- All courses must include an expiration date (the time in which the learner must complete the final exam). For individual course, the expiration date is one year from the date of purchase or enrollment.
- Minimum requirements for instructional materials for self-study have been provided.

Additions –

- Standard added for the development of group internet based programs—delivery method not included in the 2002 *Standards*.
- If objective type questions are used, at least three review questions and five final exam questions must be included per CPE credit.
- Providing feedback on the final exam is permitted; however, sponsor must ensure that question bank is of sufficient size to minimize overlap for the typical repeat test-taker.

Program Presentation:

Clarifications -

- Required elements in evaluation forms were reduced/streamlined to focus on the core elements of the CPE experience.

Additions –

- Separate requirements for promotional materials for sponsors conducting in-house training and those sponsors whose courses are developed for sale/external audiences.

Program Measurement:**Clarifications -**

- Requires that group internet based programs include a monitoring mechanism to verify participants are participating for the duration of the course. If polling questions are used as the monitoring mechanism, at least three polling questions must be used per CPE credit hour.
- Clarifications made on pilot testing – use of non-CPAs as pilot testers for program sponsors that are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs. Using a representative completion time for pilot testing versus “average.”
- Clarification on CPE credit for instructor/author to refer to regulations and maximums established by state boards.

Additions –

- Sponsors may recommend one-half CPE credits for self-study programs (equal to 25 minutes).
- Word count formula permitted as an alternate to pilot testing for determining the recommended CPE credits for self-study programs.

Program Reporting:**Clarifications -**

- Sponsors should provide participants documentation of their participation in a program at or after the conclusion of the program.
- Clarification on who is considered the CPE program sponsor for awarding NASBA-approved CPE credits.
- Clarification that documentation may be retained in paper or electronically for a minimum of 5 years.
- Clarifications on maintenance of documentation as basis for determining CPE credits for self-study programs for pilot testing and word count formula.

EXPOSURE DRAFT

Statement on Standards for Continuing Professional Education (CPE) Programs

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

August 2011

Please submit comments by October 13, 2011 to:

Suzanne Jolicoeur at sjolicoeur@aicpa.org

or

Jessica Luttrull at jluttrull@nasba.org

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Introduction

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

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The *Standards* were last revised in 2002.

In May 2010, NASBA and the CPE Advisory Committee provided a forum for an open and candid discussion of the *Standards*. A key outcome of the forum was to develop a Task Force to help review, analyze and implement suggestions and changes to the *Standards*.

The NASBA CPE Advisory Committee with input from NASBA leadership selected 13 Task Force participants. Careful consideration was given as to the composition of the Task Force to ensure that all facets of the CPE community were represented. The Task Force is comprised of CPE program sponsors; CPE Advisory Committee members; state board of accountancy members; state society members; educators and a representative of the AICPA (provider side).

The Task Force developed its recommended revisions to the *Standards* and presented its recommendations to a Joint CPE Standards Committee made up of representatives from the AICPA and NASBA. The Joint CPE Standards Committee presented its recommendation to the respective AICPA and NASBA Boards of Directors. In August 2011, the *Standards* exposure draft was released for comment. The revisions to the *Standards* were approved by the AICPA Board of Directors on _____, 2011 and the NASBA Board of Directors on _____, 2011.

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

Preamble

01. The right to use the title "Certified Public Accountant" (CPA) is regulated in the public interest and imposes a duty to maintain public confidence and current knowledge, skills, and abilities in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.¹

02. The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their knowledge, skills, and abilities.

03. The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these standards to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.

04. The following standards have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. These standards may also apply to other professionals by virtue of employment or membership. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.

05. Advances in technology, delivery and workplace arrangements may lead to innovative learning techniques. Learning theory may evolve to include more emphasis on outcome based learning. These standards anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the standards. CPE program sponsors are encouraged to consult with NASBA with questions related to compliance with the standards when utilizing innovative techniques.

06. These standards create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

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

Article I - Definitions

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

Archived. A learning activity through which a group program has been recorded for future use.

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

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

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

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

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

Group internet based program. An educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants by using the Internet.

Group live program. An educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants either in a classroom or conference setting.

Group program. Any group live or group internet based programs.

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

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

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

Internet-based programs. A learning activity through a group program or a self-study program that is designed to permit a participant to learn the given subject matter via the Internet. To qualify as either a group or self-study program, the Internet learning activity must meet the respective standards.

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

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

Learning objectives. Specifications on what participants should accomplish in a learning activity.

Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

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

Pilot test. Sampling of at least three independent individuals representative of the intended participants to measure the representative completion time as one method to determine the recommended CPE credit for self-study programs.

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

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

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

Self study program. An educational process designed to permit a participant to learn a given subject without major involvement of an instructor.

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

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

Article II – General Guidelines for CPAs

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

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

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

The fields of study at [\[include link\]](#) represent the primary knowledge and skill areas needed by CPAs to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are

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

dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include: a self-assessment of the gap between current and needed knowledge, skills, and abilities; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

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

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

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

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

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

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

- For group and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study programs, a certificate supplied by the CPE program sponsor after satisfactory completion of an examination.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard 15 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the writer as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

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

CPAs may participate in a variety of sponsored learning activities, such as workshops, seminars and conferences, self-study courses, Internet-based programs, and independent study. While CPE program

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

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

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

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

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

- Retain the necessary documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study.

Article III – Standards for CPE Program Sponsors

3.01 - General Standards

Standard No. 1. CPE program sponsors are responsible for compliance with all applicable standards and other CPE requirements.

S1 - 01. CPE requirements of licensing bodies and others. CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and/or other professional organizations or bodies. Professional guidance for CPE program sponsors is available from NASBA; state-specific guidance is available from the state boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

3.02 - Standards for CPE Program Development

Standard No. 2. Sponsored learning activities must be based on relevant learning objectives and outcomes that clearly articulate the knowledge, skills, and abilities that can be achieved by participants in the learning activities.

S2 - 01. Program knowledge level. Learning activities provided by CPE program sponsors for the benefit of CPAs must specify the knowledge level, content, and learning objectives so that potential participants can determine if the learning activities are appropriate to their professional competence development needs. Knowledge levels consist of basic, intermediate, advanced, update, and overview.

Standard No. 3. CPE program sponsors must develop and execute learning activities in a manner consistent with the prerequisite education, experience, and/or advance preparation of participants.

S3 - 01. Prerequisite education and experience. To the extent it is possible to do so, CPE program sponsors should make every attempt to equate program content and level with the backgrounds of intended participants. All programs must clearly identify prerequisite education, experience, and/or advance preparation, if any, in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 4. CPE program sponsors must use activities, materials, and delivery systems that are current, technically accurate, and effectively designed. All courses must contain a publication or revision date. Courses must be revised as soon as feasible following changes to relative codes, laws, rulings, decisions, interpretations, etc. Courses in subjects that undergo frequent changes must be reviewed by an individual with subject matter expertise at least once a year to verify the currency of the content. Other courses must be reviewed at least every two years.

S4 - 01. Developed by a subject matter expert. Learning activities must be developed by individuals or teams having expertise in the subject matter. Expertise may be demonstrated through practical experience or education.

Standard No. 5. CPE program sponsors of group and self-study programs must ensure learning activities are reviewed by qualified persons other than those who developed the programs to assure that the program is technically accurate and current and addresses the stated learning objectives. These reviews must occur before the first presentation of these materials and again after each significant revision of the CPE programs. For all programs, the participation of at least one CPA is required in the development of every program in accounting and auditing. The participation of a CPA, tax attorney, or IRS enrolled agent is required in the development of each program in the field of study of taxes. As long as this requirement is met at some point during the development process, a program would be in compliance. Whether to have this individual involved during the development or the review process is at the CPE program sponsor's discretion.

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

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

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

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

Standard No. 7. Group internet based programs must employ learning methodologies that clearly define learning objectives, guide the participant through the learning process, and provide evidence of a participant's satisfactory completion of the program.

S7 - 01. Live instructor during program presentation. Group internet based programs must have a live instructor while the program is being presented. Program participants must be able to interact with the live instructor simultaneously while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group internet based program is recorded or archived for future presentation, it will continue to be considered a group internet based program only where a live subject matter expert facilitates the recorded presentation. Any future presentations that do not include a live subject matter expert will be considered a self study program and must meet all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for an archived group program will be equal to the CPE credit awarded to the original presentation.

Standard No. 8. Self study programs must employ learning methodologies that clearly define learning objectives, guide the participant through the learning process, and provide evidence of a participant's satisfactory completion of the program.

S8 - 01. Guide participant through learning process. To guide participants through a learning process, CPE program sponsors of self-study programs must elicit participant responses to test for understanding of the material. Learners must participate in activities during instruction to demonstrate achievement of learning objectives. Appropriate feedback must be provided. Achievement of learning objectives must be confirmed after the course through a final assessment.

S8 - 02. Use of review questions. Review questions must be placed at the end of each learning activity throughout the program in sufficient intervals to allow the learner the opportunity to evaluate the material that needs to be re-studied. If objective type questions are used, at least three review questions per CPE credit must be included (or two review questions if the program is marketed for one-half CPE credits).

S8 - 03. Evaluative and reinforcement feedback on review questions. If the multiple choice method is used, evaluative feedback for each incorrect response must explain why each response is wrong and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Simulations and other innovative tools that guide participants through structured decisions could provide feedback at irregular intervals or at the end of the learning experience. In those situations, single feedback would be permissible. True/false questions are allowed as review questions but are not included in the number of review questions required per CPE credit. Forced choice questions, when used as part of an overall learning strategy, are allowed as review questions and can be counted in the number of review questions required per CPE credit. There is no minimum passing rate required for review questions.

S8 - 04. Final examination requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of self-study programs must require participants to successfully complete a final examination with a minimum-passing grade of at least 70 percent before issuing CPE credit for the course. Examinations may contain questions of varying format (for example, multiple-choice, essay, and simulations). At least five questions/scored responses per CPE credit must be included on the final examination (or three final exam questions if the program is marketed for one-half CPE credits). For example, the final examination for a five-credit course must include at least 25 questions. Alternatively, a five and one-half credit course must include at least 28 questions. Except in courses where recall of information is the learning strategy, duplicate review and final exam questions are not allowed. True/false questions are not permissible on the final examination, effective as of January 1, 2014.

S8 - 05. Feedback on final examination. Providing feedback on the final examination is at the discretion of the CPE program sponsor. However, if feedback is provided on the final examination, then

the CPE program sponsor must ensure that the question test bank is of sufficient size to minimize overlap of questions on the final examination for the typical repeat test-taker. In addition, any provided feedback must comply with the feedback for review questions as described in S8 – 03.

S8 – 06. Program/course expiration date. All courses must include an expiration date (the time by which the learner must complete the final examination). For individual courses, the expiration date is one year from the date of purchase or enrollment. For a series of courses to achieve an integrated learning plan, the expiration date may be longer.

S8 – 07. Based on materials developed for instructional use. Self study programs must be based on materials specifically developed for instructional use and not on third party materials. Self study programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by a test will not be acceptable. However, the use of the publications and reference materials in self-study programs as supplements to the instructional materials could qualify if the self study program complies with each of the CPE standards.

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

1. An overview of topics;
2. The ability to find information quickly;
3. The definition of key terms;
4. Instructions to participants;
5. Review questions with feedback; and
6. Final exam.

3.03 - Standards for CPE Program Presentation

Standard No. 9. CPE program sponsors must provide descriptive materials that enable CPAs to assess the appropriateness of learning activities. For CPE program sponsors whose courses are developed for sale and/or for external audiences (i.e., not internal training), CPE program sponsors must inform participants in advance of:

- Learning objectives.
- Instructional delivery methods.
- Recommended CPE credit and field of study [include link].
- Prerequisites.
- Program level.
- Advance preparation.
- Program content.
- Course registration requirements.
- Refund policy for courses sold for a fee/cancellation policy.
- Complaint resolution policy.
- Official NASBA sponsor statement (explaining final authority of acceptance of CPE credits) [include link].

For CPE program sponsors whose courses are purchased or developed for internal training only, CPE program sponsors must inform participants in advance of:

- Learning objectives.
- Instructional delivery methods.
- Recommended CPE credit and field of study [include link].
- Prerequisites.
- Advance preparation.
- Program level (for optional internal courses only).

S9 – 01. Disclose significant features of program in advance. For potential participants to effectively plan their CPE, the program sponsor must disclose the significant features of the program in advance (e.g., through the use of brochures, Internet notices, invitations, direct mail, or other announcements). When CPE programs are offered in conjunction with non-educational activities, or when several CPE programs are offered concurrently, participants must receive an appropriate schedule of events indicating those components that are recommended for CPE credit. The CPE program sponsor's registration policies and procedures must be formalized, published, and made available to participants and include refund/cancellation policies as well as complaint resolution policies.

S9 – 02. Disclose advance preparation and/or prerequisites. CPE program sponsors must distribute program materials in a timely manner and encourage participants to complete any advance preparation requirements. All programs must clearly identify prerequisite education, experience, and/or advance preparation requirements, if any, in the descriptive materials. Prerequisites, if any, must be written in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 10. CPE program sponsors must ensure instructors are qualified with respect to both program content and instructional methods used.

S10 – 01. Qualifications of instructors. Instructors are key ingredients in the learning process for any group program. Therefore, it is imperative that CPE program sponsors exercise great care in selecting qualified instructors for all group programs. Qualified instructors are those who are capable, through training, education, or experience of communicating effectively and providing an environment conducive to learning. They must be competent and current in the subject matter, skilled in the use of the appropriate instructional methods and technology, and prepared in advance.

S10 - 02. Evaluation of instructors' performance. CPE program sponsors should evaluate the instructor's performance at the conclusion of each program to determine the instructor's suitability to serve in the future.

Standard No. 11. CPE program sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

S11 - 01. Required elements of evaluation. The objectives of evaluation are to assess participant satisfaction with specific programs and to increase subsequent program effectiveness. Evaluations, whether written or electronic, must be solicited from participants and instructors for each program session, including self-study, to determine, among other things, whether:

- Stated learning objectives were met.
- Stated prerequisite requirements were appropriate and sufficient.
- Program materials were relevant and contributed to the achievement of the learning objectives.
- Time allotted to the learning activity was appropriate.
- If applicable, individual instructors were effective.

S11 - 02. Evaluation results. CPE program sponsors must periodically review evaluation results to assess program effectiveness and should inform developers and instructors of evaluation results.

Standard No. 12. CPE program sponsors must ensure instructional methods employed are appropriate for the learning activities.

S12 - 01. Evaluate instructional method in context of program presentation. CPE program sponsors must evaluate the instructional methods employed for the learning activities to determine if the delivery is appropriate and effective.

S12 – 02. Facilities and technology appropriateness. Learning activities must be presented in a manner consistent with the descriptive and technical materials provided. Integral aspects in the learning

environment that should be carefully monitored include the number of participants and the facilities and technologies employed in the delivery of the learning activity.

3.04 - Standards for CPE Program Measurement

Standard No. 13. Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend one-half CPE credits under the following scenarios:

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

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

S13 – 01. Learning activities with individual segments. For learning activities in which individual segments are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute presentations would equal 150 minutes and would be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit. Thus, learning activities with segments totaling 140 minutes would be granted two and one-half CPE credits.

S13 – 02. Responsibility to monitor attendance. While it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must demonstrate reasonable efforts to monitor group learning participation to assign the correct number of CPE credits.

S13 – 03. Monitoring mechanism for group internet based programs. In addition to meeting all other applicable group program standards and requirements, group internet based programs must employ some type of monitoring mechanism to verify that participants are participating during the duration of the course. The monitoring mechanism must be of sufficient frequency and lack predictability to provide assurance that participants have been engaged throughout the program. If polling questions are used as a monitoring mechanism, at least three polling questions must be used per CPE credit hour. CPE program sponsors should verify with respective state boards on specific polling requirements.

S13 – 04. Small group viewing of group internet based programs. In situations where small groups view a group internet based program such that one person logs into the program and asks questions on behalf of the group, documentation of attendance is required in order to award CPE credits to the group of participants. Participation in the group must be documented and verified by the small group facilitator in order to authenticate attendance for program duration.

S13 – 05. University or college credit course. For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

- Semester System 15 credits
- Quarter System 10 credits

S13 – 06. University or college non-credit course. For university or college non-credit courses that meet these CPE standards, CPE credit shall be awarded only for the actual classroom time spent in the non-credit course.

S13 – 07. Participant preparation time. Credit is not granted to participants for preparation time.

S13 – 08. Committee or staff meetings qualification for CPE credits. Only the portions of committee or staff meetings that are designed as programs of learning and comply with these standards qualify for CPE credit.

Standard No. 14. CPE credit for self study learning activities must be based on one of the following educationally sound and defensible methods:

Method 1: Pilot test of the representative completion time.

Method 2: Computation using the prescribed word count formula.

S14 – 01. Method 1 - Sample group of pilot testers. A sample of intended professional participants must be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group must consist of at least three qualified individuals who are independent of the program development group. For those courses whose target audience includes CPAs, the sample group must be licensed CPAs currently subject to state CPE requirements as defined by state board requirements and possess the appropriate level of knowledge before taking the program. For those sponsors who are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs, those courses do not have to be pilot tested by licensed CPAs.

S14 – 02. Method 1 - CPE credit based on representative completion time. The sample does not have to ensure statistical validity; however, if the results of pilot testing are inconsistent, then the sample must be expanded or any inconsistent results eliminated. CPE credit must be recommended based on the representative completion time for the sample. Completion time includes the time spent taking the final examination and does not include the time spent completing the course evaluation. Pilot testers must not be informed about the length of time the program is expected to take to complete. If substantive changes are subsequently made to program materials, further pilot tests of the revised program materials must be conducted to affirm or amend, as appropriate, the representative completion time.

S14 – 03. Method 1 - Requirement for re-pilot testing. If, subsequent to course release, actual participant completion time warrants a change in CPE credit hours, re-pilot testing is required to substantiate a change in CPE credit prospectively.

S14 – 04. Method 1 - Pilot testing when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where pilot tests were conducted and provided, CPE program sponsors must review results of the course developer's pilot test results to ensure that the results are appropriate. For purchased courses where no pilot tests were conducted or provided, CPE program sponsors must conduct pilot testing.

S14 – 05. Method 2 – Basis for prescribed word count formula. The prescribed word count formula begins with a word count of the number of words contained in the text of the required reading of the self study program and should exclude any material not critical to the achievement of the stated learning objectives for the program. Examples of information material that are not critical and therefore excluded from the word count are: course introduction; instructions to the learner; author/course developer biographies; table of contents; glossary; and appendices containing supplementary reference materials.

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

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

S14 – 06. Method 2 – Consideration of audio and video segments in word count formula. If audio and video segments of a self study program constitute additional learning for the participant (i.e., not

narration of the text), then the actual audio/video duration time may be added to the time calculation as provided in the prescribed word count formula.

S14 – 07. Method 2 – Calculation of CPE credit using the prescribed word count formula. The word count for the text of the required reading of the program is divided by 180, the average reading speed of adults. The total number of review questions, exercises and final examination questions is multiplied by 1.85, which is the estimated average completion time per question. These two numbers plus actual audio/video duration time, if any, are then added together and the result divided by 50 to calculate the CPE credit for the self study program. When the total minutes of a self study program are not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit.

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

Standard No. 15. Instructors or discussion leaders of learning activities may receive CPE credit for their preparation and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these CPE standards.

S15 – 01. Instructor CPE credit parameters. Instructors, discussion leaders, or speakers who present a learning activity for the first time may receive CPE credit for actual preparation time subject to regulations and maximums established by the state boards. For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

S15 – 02. Authoring and presenting a program. The CPA claiming CPE credits should refer to respective state board requirements.

Standard No. 16. Writers of published articles, books, or CPE programs may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence.

S16 – 01. Requirement for review from independent party. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. For the writer to receive CPE credit, the article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication.

S16 – 02. Authoring and presenting a program. As a general rule, receiving CPE credits for authoring and presenting the same program should not be allowed. The CPA claiming CPE credits should refer to respective state board requirements.

Standard No. 17. CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

S17 – 01. CPE credits agreed to in advance. The credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

3.05 - Standards for CPE Program Reporting

Standard No. 18. CPE program sponsors must provide program participants at or after the conclusion of the program with documentation of their participation (certificate of completion), which includes the following:

- CPE program sponsor name and contact information.

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

S18 – 01. Entity to award CPE credits and acceptable documentation. The CPE program sponsor is the individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by these standards. The entity whose name appears on the certificate of completion is responsible for validating the CPE credits claimed by a participant. CPE program sponsors must provide participants with documentation to support their claims of CPE credit. Acceptable evidence of completion includes:

- For group and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study programs, a certificate supplied by the CPE program sponsor after satisfactory completion of an examination.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard 15 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the writer as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

Standard No. 19. CPE program sponsors must retain adequate documentation (electronic or paper) for a minimum of five years to support their compliance with these standards and the reports that may be required of participants.

S19 – 01. Required documentation elements. Evidence of compliance with responsibilities set forth under these standards which is to be retained by CPE program sponsors includes, but is not limited to:

- Records of participation.
- Dates and locations.
- Instructor names and credentials.
- Number of CPE credits earned by participants.
- Results of program evaluations.

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

S19 – 02. Maintenance of documentation as basis for CPE credit for self study programs. For CPE program sponsors using Method 1 (pilot tests) as the basis for CPE credit for self study programs, appropriate pilot test records must be retained regarding the following:

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

For CPE program sponsors using Method 2 (word count formula) as the basis for CPE credit for self study programs, the word count formula calculation as well as the supporting documentation for the data used in the word count formula (e.g., word count; number of review questions, exercises and final examination questions; duration of audio and/or video segments, if applicable; and actual calculation) must be retained.

Effective dates:

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

1. For group programs and independent study – January 1, 2012.
2. For self study programs being published for the first time – January 1, 2012.
3. For self study programs already in existence as of December 31, 2011 – January 1, 2014.

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

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The Standards were last revised in 2002.

In May 2010, NASBA and the CPE Advisory Committee provided a forum for an open and candid discussion of the *Standards*. A key outcome of the forum was to develop a Task Force to help review, analyze and implement suggestions and changes to the *Standards*.

The NASBA CPE Advisory Committee with input from NASBA leadership selected 13 Task Force participants. Careful consideration was given as to the composition of the Task Force to ensure that all facets of the CPE community were represented. The Task Force is comprised of CPE program sponsors; CPE Advisory Committee members; state board of accountancy members; state society members; educators and a representative of the AICPA (provider side).

The Task Force developed its recommended revisions to the *Standards* and presented them to a Joint CPE Standards Committee made up of representatives from the AICPA and NASBA. The Joint CPE Standards Committee has finalized its recommendation to present to the respective AICPA and NASBA Boards of Directors at their upcoming meetings at the end of July/early August.

Overall:

The recommended revised *Standards* were organized to provide a more user-friendly format. A Table of Contents has been added with key word descriptions. Additionally, an Introduction has been included explaining the current revision process and the steps for future revisions and clarifications to the *Standards*.

Preamble:

Clarifications -

- Language included to provide flexibility for innovation in learning techniques.
- Language included to provide for future considerations around outcome based learning.
- Statement that the *Standards* provide the basic foundation for sound educational programs (the “minimum”)—sponsors may and can provide enhanced educational and evaluative techniques to programs.

Definitions:

Clarifications -

- Terms moved from glossary to front of document as definitions—terms considered part of the Standards
- Minor revisions/adjustments to definitions of other terms.

Additions -

- Definitions added for the following terms: archived; group internet based program; group live program; and word count formula.

Standards for CPAs:

Clarifications -

- Language modified in recommended revised *Standards* to describe as “General Guidelines for CPAs.” The intent of this section of the *Standards* is to inform CPE sponsors of the general responsibilities of CPAs in regards to CPE—not to be the reference source for CPAs for CPE compliance.
- Regarding acceptable fields of study for CPE, a link to the LearningMarket webpage that includes the NASBA 23 fields of study (subject areas) of CPE will be provided in the document.

Standards for CPE Program Sponsors:

Program Development:

Clarifications -

- Courses must specify knowledge level using basic, intermediate, advanced, update or overview.
- All courses must contain a publication or revision date.
- Course updates must occur as soon as feasible. Courses in subjects that undergo frequent changes must be reviewed at least once a year. Other courses must be reviewed at least every two years.
- Participation of at least one CPA is required in the development of every accounting and auditing course. The participation of a CPA, tax attorney or enrolled agent is required in the development of courses if in the field of taxes. The individual could be involved in the initial course development or the development review process.
- True/False questions are not permitted in final examination for self study programs.
- All courses must include an expiration date (the time in which the learner must complete the final exam). For individual course, the expiration date is one year from the date of purchase or enrollment.
- Minimum requirements for instructional materials for self-study have been provided.

Additions –

- Standard added for the development of group internet based programs—delivery method not included in the 2002 *Standards*.
- If objective type questions are used, at least three review questions and five final exam questions must be included per CPE credit.
- Providing feedback on the final exam is permitted; however, sponsor must ensure that question bank is of sufficient size to minimize overlap for the typical repeat test-taker.

Program Presentation:

Clarifications -

- Required elements in evaluation forms were reduced/streamlined to focus on the core elements of the CPE experience.

Additions –

- Separate requirements for promotional materials for sponsors conducting in-house training and those sponsors whose courses are developed for sale/external audiences.

Program Measurement:**Clarifications -**

- Requires that group internet based programs include a monitoring mechanism to verify participants are participating for the duration of the course. If polling questions are used as the monitoring mechanism, at least three polling questions must be used per CPE credit hour.
- Clarifications made on pilot testing – use of non-CPAs as pilot testers for program sponsors that are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs. Using a representative completion time for pilot testing versus “average.”
- Clarification on CPE credit for instructor/author to refer to regulations and maximums established by state boards.

Additions –

- Sponsors may recommend one-half CPE credits for self-study programs (equal to 25 minutes).
- Word count formula permitted as an alternate to pilot testing for determining the recommended CPE credits for self-study programs.

Program Reporting:**Clarifications -**

- Sponsors should provide participants documentation of their participation in a program at or after the conclusion of the program.
- Clarification on who is considered the CPE program sponsor for awarding NASBA-approved CPE credits.
- Clarification that documentation may be retained in paper or electronically for a minimum of 5 years.
- Clarifications on maintenance of documentation as basis for determining CPE credits for self-study programs for pilot testing and word count formula.

White Paper

Changes to the
AICPA STANDARDS FOR PERFORMING
AND REPORTING ON PEER REVIEWS and
Related INTERPRETATIONS
Based on the June 1, 2010 Exposure Draft
(QCM & CPE REVIEWS)

Effective for QCM and Peer Reviews Commencing on or After January 1, 2012

August 15, 2011

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NOTICE TO READERS

The purpose of this white paper is to assist you in understanding the revisions made to the *AICPA Standards for Performing and Reporting on Peer Reviews* and related *Interpretations* (collectively, *Standards*), which mainly address the peer review independence concerns related to reviewers that are involved in the development and/or maintenance of quality control materials. These revisions are effective for QCM and peer reviews commencing on or after January 1, 2012. This paper provides a bridge between the key changes proposed in the June 1, 2010 exposure draft and the final changes made (included as Attachment A).

This paper also provides background and other pertinent information about feedback received by the AICPA Peer Review Board (Board) from respondents to the June 1, 2010 exposure draft, explains the consideration given to that feedback by the Board, and describes the rationale behind the Board's adoption of the final changes to the *Standards*.

The Board always welcomes feedback and dialogue; however, this document is not an exposure draft.

Those reading and relying on this paper should already be knowledgeable about the current *Standards* and other guidance issued by the Board related to the application of the changes.

The Peer Review Board ("Board") recently approved several changes to the *Standards for Performing and Reporting on Peer Reviews* and related *Interpretations* (collectively "*Standards*") based upon the feedback received on the June 1, 2010 exposure draft. The June 1, 2010 exposure draft focused on the section of the *Standards* for performing and reporting on QCM and CPE Program reviews, and addressed the ability of individuals involved in the development and/or maintenance of QCM or CPE programs to peer review firms that use those materials as an integral part of their systems of quality control. The Board developed the finalized changes explained below to address those independence concerns raised in the exposure draft and be responsive to the feedback received.

Comparison of Key Changes

<i>1/1/2012 Standards</i>	<i>6/1/2010 Exposure Draft</i>	<i>1/1/2009 Standards</i>
<p>1. Requires triennial reviews of the system to develop and maintain QCM, and the resultant aids, as an independence remedy when a provider firm (or a firm affiliated with a provider) wants to peer review a user firm that integrally relies on the materials.</p> <p>(Paragraphs .159 - .161, .163)</p> <p>Requires provider firms that want to peer review user firms to have their own firm's review administered by the National PRC.</p> <p>(Paragraph 162, Interpretation 11-1)</p> <p>Removes the requirement for provider associations to undergo triennial reviews. Associations can</p>	<p>1. Removes the requirement for triennial reviews, and makes reviews of both QCM and CPE programs voluntary.</p>	<p>1. Requires triennial reviews of the system to develop and maintain QCM and/or CPE programs, and the resultant aids, as an independence remedy when a provider firm wants to peer review a user firm, or when a provider association wants to form review team or have firm-on-firm reviews within the association.</p>

<p>voluntarily undergo such reviews.</p> <p>(Interpretation 26-1)</p>		
<p>2. Addresses the independence of review team members when they were involved in the development and/or maintenance of the materials, report to those directly involved in the development and/or maintenance of the material, or receive more than a de minimus amount of the revenues or other monies generated by the marketing and sale of the materials.</p> <p>(Interpretation 21-1-c)</p>	<p>2. Impairs the independence of all personnel within a provider firm to perform peer reviews of user firms.</p>	<p>2. Requires triennial reviews of the system to develop and maintain QCM and/or CPE programs, and the resultant aids, as an independence remedy when a provider firm wants to peer review a user firm, or when a provider association wants to form review team or have firm-on-firm reviews within the association.</p>
<p>3. Revises the QCM report and the Representation Letter to call attention to the user firm's responsibility to use and modify the materials appropriately.</p> <p>(Paragraph 175, Appendix R; Appendix B)</p>	<p>3. Not addressed.</p>	<p>3. Not addressed.</p>
<p>4. Entirely removes reviews of CPE programs from the <i>Standards</i>, including the June 2010 proposed procedures for</p>	<p>4. Provides new procedures for performing reviews of CPE programs. Revises the opinion for CPE program reviews such that it only</p>	<p>4. Requires triennial reviews of the system to develop and maintain QCM and/or CPE programs, and the</p>

<p>performing such reviews.</p> <p>Allows CPE program provider firms to perform peer reviews of user firms when a principles-based assessment determines there are no independence impairments.</p> <p>(Interpretation 21-7)</p>	<p>addresses the system (and not the resultant aids).</p>	<p>resultant aids, as an independence remedy when a provider firm wants to peer review a user firm, or when a provider association wants to form review team or have firm-on-firm reviews within the association.</p>
<p>5. Provides principles-based guidance for determining when independence impairments may exist based on the significance of a reviewer or reviewing firm's contributions to the development and/or maintenance of QCM or CPE programs that are integral to the user firm.</p> <p>(Interpretations 21-7, 21-9, 21-20 – 21-22)</p>	<p>5. Impairs the independence of all personnel within a provider firm to perform peer reviews of user firms.</p>	<p>5. Uses the concept of "integral" when considering whether a peer review is required to cure an independence impairment.</p>

Background

On June 1, 2010, the Board issued an exposure draft that proposed three key revisions to the *Standards*:

1. Revisions and clarifications of the guidance for those involved in the development and maintenance of quality control materials (QCM) or CPE programs such that they are not permitted to serve on review teams to peer review firms that use those QCM or CPE programs (*user firms*). The proposed changes would have impacted firms that develop and maintain QCM or CPE programs (*provider firms*) as well as associations of CPA firms that develop and maintain QCM or CPE programs (*provider association*). These changes were proposed to address the perceived conflict of interest that any person involved in the development or maintenance of a provider's QCM or CPE programs has with respect

to user firms, and the pressure that such interest places on peer review independence and objectivity. This was the primary focus of the exposure draft.

The proposed changes attempted to conform the guidance to the underlying intent of paragraphs 21 – 22 of the *Standards*. The proposed revisions would have precluded any personnel from a provider firm from participating on the review team of a firm that uses QCM or CPE programs that provider firm developed, regardless of whether the review team is formed by a different reviewing firm or by an association (association formed review team). In addition, the proposed revisions would have precluded any personnel from an association member firm that participated in the development or maintenance of the association's QCM or CPE programs from serving on the review team of a firm that uses the association's QCM or CPE programs, regardless of whether the review team is formed by a different reviewing firm or by the association. Further, under the proposed changes CPA owners of a provider (whether a firm or another entity) that are also peer reviewers could not participate on the review team of a user firm.

2. As a result of the proposed revisions and clarifications above, the exposure draft also recommended removal of the provision requiring providers to undergo a triennial peer review of the system to develop and maintain QCM or CPE programs, and the resultant materials. The proposed changes gave providers the voluntary option to undergo such a review.
3. Lastly, the exposure draft proposed revisions to the procedures for performing a CPE program review for those providers that elect to undergo such a review. The proposed changes shifted the CPE program report opinion (and the review procedures) to the system to produce such materials, instead of the current focus on both the system and the resultant aids.

For additional information on the changes proposed in the June 1, 2010 exposure draft (including the full explanatory memorandum), please access the exposure draft [here](#).

The Feedback Process

The Board solicited feedback on the proposed changes above through comment letters, surveys, and discussions with several peer review stakeholders during the summer of 2010. Two major trends emerged from the feedback received:

1. Disagreement among respondents over the broadness of the proposed independence remedies for those peer reviewing firms that also develop and maintain QCM.

Respondents agreed with the proposed revisions to safeguard the independence of peer reviewing firms, expressed that the proposed revisions went too far, or expressed that the proposed revisions did not go far enough. Some of the feedback requested further clarification of the point at which a provider firm's independence would become impaired with respect to user firms (for example, establishing a "bright-line" for when an

independence impairment would occur). Of those respondents expressing that the proposed revisions went too far, most recommended that the independence impairment should be at the level of the individual, and not the firm. Many suggested that an individual reviewer's extent of involvement, level of effort, role, and materiality of QCM-related compensation should factor into independence impairment considerations. Other respondents expressed that the current independence remedy of reviewing the system to develop and maintain QCM and the resultant materials was sufficient and needed no modification or addition.

II. Differentiating the independence concerns for those individuals and/or firms that develop and maintain CPE programs from those that develop and maintain QCM.

The respondents drew a clear line between the independence concerns related to providers of QCM and providers of CPE programs. The majority of respondents communicated that the Board should apply the remedies for independence impairments to developers of QCM, and not to developers and/or presenters of CPE programs. Those respondents expressed that the burden of responsibility lies with the firms, who determine how to apply the information it obtains via CPE programs, and implementing that information into its system of quality control. There was also concern that peer reviewers hired by state societies or the AICPA as CPE developers/presenters would have independence impairments with respect to attendee firms.

Determining a New Approach

Over the course of several meetings, the QCM & CPE and Standards Task Forces carefully analyzed and considered all of the comment letters, surveys, etc. These task forces recommended several feedback-based revisions to the direction set forth in the exposure draft. The task forces provided these recommendations and related additional changes to the *Standards* to the Board for further vetting and confirmation. This process resulted in the changes explained below.

QCM Independence Safeguards

As mentioned above, a main point of dissension in the comment letters and other feedback received was the best way to address the independence concerns between provider firms and user firms. This point was deliberated over the course of several meetings. Ultimately, the Board determined that implementing independence safeguards instead of strict prohibition was the most appropriate course of action. In developing the current approach, the task forces relied upon the concepts of the "covered persons" guidance in ET 101-1 (as suggested by respondents).

Under this new approach, a provider firm is required to undergo a QCM review before it can perform a user firm's peer review. However, any individuals involved in the development and/or maintenance of the QCM, those directly reporting to those involved in the development

and/or maintenance of the QCM, and those that receive more than a de minimus amount of the revenues generated by the sale or marketing of the QCM are prohibited from being on the review team. This guidance is applicable regardless of whether the individuals participating in the development and/or maintenance of the QCM are from a provider firm or a firm affiliated with or related to a provider.

The administration of QCM reviews will remain with the National PRC. Further, since provider firms arguably have inter-related systems of quality control for the firm and for the development and maintenance of QCM, the National PRC will mandatorily administer the provider firm's own peer review. Provider firms can elect to combine the two types of reviews for efficiency.

Associations are no longer required to undergo any type of review in order to permit member firms to peer review each other, as originally proposed in the exposure draft. However, the guidance in the preceding paragraph also applies to any personnel from firms that are involved in the association's system to develop and maintain QCM (if applicable).

The Board concluded that this approach fairly ensures that independence and objectivity between peer reviewers and reviewed firms are preserved.

Changes to the QCM Report Language

While one purpose of the QCM review is determining whether the materials are reliable aids, the responsibility to use and/or modify the materials in an appropriate manner to yield the desired results (engagements performed in accordance with professional standards and/or regulatory requirements in all material respects) lies with the user firm. Several respondents emphasized this point in their feedback. In order to clarify the user firm's responsibility, the Board modified the QCM report language to note the users' responsibilities, and potential limitations of the QCM opined on. In addition, the representations letter now has an additional representation addressing the firm's incorporation of QCM into its system of quality control.

Removal of CPE Program Reviews

Several respondents expressed a lack of understanding of the need for CPE reviews. While other respondents did not question the need for these types of reviews, they did question whether there was an independence threat with respect to the development and/or maintenance of CPE programs that created a need for additional procedures or guidance. The Board considered this feedback, as well as several additional key points:

- The changes to the guidance discussed above removes the requirement for associations to undergo any type of review in order to allow member firms to peer review each other, or to allow the association to form review teams. In recent history, only associations have obtained CPE reviews.
- Most state societies and boards of accountancy have various rules and procedures in place to approve and/or accept CPE program providers within their respective jurisdictions.
- An opinion on the system to develop and maintain CPE programs does not include any evaluation of the presentation of the materials, which is the most critical part of the CPE program.

Based on the above considerations, the Board determined there was no need for the *Standards* to offer this type of review, or require responsibility to oversee the conduct of such reviews.

CPE Provider Independence Safeguards

Several comment letters requested further clarification in this area. The Board considered this feedback but concluded that it cannot establish rules and “bright-line” guidance to address every situation, and such guidance would be inconsistent with principles-based *Standards*. However, the Board did develop interpretations to aid reviewers and firms in determining whether there are independence concerns on a case-by-case basis. The guidance includes several considerations for reviewers and firms when performing this assessment.

Other Changes

1. Refining the definition of QCM in the *Standards*

The *Standards* previously included personnel manuals, inspection checklists, hiring forms, etc. in the definition of QCM. The Board removed these types of materials from the definition in order to maintain the focus on engagement performance aids.

2. Defining due dates for QCM reviews

The *Standards* previously referred to the guidance for performing regular firm System and Engagement reviews to address areas such as review due dates. However, since failing to have a QCM review by the due date would not result in the termination of a provider firm’s enrollment in peer review, the Board determined that it was necessary to have separate guidance addressing QCM review due dates (to avoid confusion).

3. Conforming changes to Appendix A

The section of Appendix A that discusses QCM and CPE Programs was revised to remove the references to CPE program reviews and refine the explanation and intent of QCM reviews, how they are performed, the scope of QCM reviews, etc. based on the changes explained above.

4. New Interpretations

The Board approved several new interpretations providing examples and important considerations for making principles-based assessments of potential independence impairments.

5. Formatting Changes

In order to improve the organization of the guidance, some paragraphs were moved and renumbered.

August 22, 2011 Exposure Draft

The Board received feedback from QCM reviewers and the National PRC that the Standards did not provide sufficient guidance for planning and performing QCM reviews. As additional guidance focusing on procedural aspects of the performance of QCM reviews was unrelated to the nature of the changes proposed in the June 1, 2010 exposure draft, the Board determined that it was necessary to issue a second, unrelated exposure draft. These new proposed changes focus on the planning and performance of QCM reviews, but also address peer reviewer qualification, QCM provider and reviewer cooperation, and publicizing QCM review information. Once posted, you can access the exposure draft in the Peer Review section of the [Exposure Draft](#) page of AICPA.org.

How to Learn More

Your input greatly enhanced the development of these final revisions. While these changes are final and comments are no longer being solicited, you are welcome to share any thoughts or suggestions on the final changes described in this white paper by sending an email to prptechnical@aicpa.org or calling 919-402-4502 and asking to speak with a technical manager. Thank you for your interest in peer review.

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Final Changes to the Peer Review Standards & Interpretations

Performing and Reporting on Reviews of Quality Control Materials (QCM)

Introduction

.154 Quality control materials (QCM) are materials that are suitable for adoption by a firm as an integral part of that firm's system of quality control. Such materials provide guidance to assist firms in performing and reporting in conformity with professional standards and may include, but are not limited to, such items as engagement aids, including accounting and auditing manuals, checklists, questionnaires, work programs, computer-aided accounting and auditing tools, and similar materials intended for use by accounting and auditing engagement teams

.155 Organizations (hereinafter referred to as *providers*) may sell or otherwise distribute to CPA firms (hereinafter referred to as *user firms*) QCM that they have developed.

.156 Providers may elect voluntarily or be required to have an independent review of their system of quality control for the development and maintenance of the QCM they have developed, and of the resultant materials (see paragraph 159). The reasons for having such a review include but are not limited to:

- a.* Providing reasonable assurance to user firms that the provider's system of quality control to develop and maintain QCM is appropriately designed and complied with, and that the resultant materials are reliable aids to assist them in conforming with all those components which are integral to the professional standards the materials purport to encompass.
- b.* Providing more cost-effective peer reviews for firms that use such materials by allowing the peer reviewers of user firms to place reliance on the results of the QCM review in evaluating the design of the user firm's system of quality control.
- c.* Ensuring that independence and objectivity on peer reviews of user firms is maintained when such peer reviews are performed by providers.

.157 A summary of the nature, objectives, scope, limitations of, and procedures performed on QCM reviews is included in appendix A.

Objectives of a QCM Review

.158 The objectives of a review of QCM developed by a provider are determining:

a. Whether the provider's system for the development and maintenance of the QCM was suitably designed and was being complied with during the year under review to provide user firms with reasonable assurance that the materials are reliable aids.

b. Whether the resultant materials are reliable aids to assist user firms in conforming with all those components which are integral to the professional standards the materials purport to encompass.

Applicability

.159 Generally, there are two categories of providers:

a. A CPA firm and/or its affiliate or related entity (see interpretations) that develops and maintains QCM (collectively, a *provider firm*). A provider firm is ordinarily permitted to perform the peer review of a user firm if an independent review of both the provider firm's system of quality control for the development and maintenance of the QCM and the provider firm's resultant materials (the *QCM review*) is performed as a safeguard of independence.

b. Any other type of organization that does not fall under the description of a provider firm (*voluntary provider*), including an association of CPA firms providing QCM or a third party organization that provides QCM as a primary function of its business.

All QCM reviews are administered by the National PRC and performed in accordance with these standards.

.160 With respect to a provider firm, the initial QCM review is due within six months of the elected year-end date. The initial QCM review is required to be completed before the provider firm can be scheduled to perform the peer review of a user firm. A provider firm's subsequent QCM review has a due date of three years and six months from the year-end of the previous QCM review. The due date for a QCM review is the date by which the QCM review report, letter of response (if applicable), and the QCM reviewer's working papers are to be submitted to the National PRC. If the QCM review working papers are not submitted by the due date, the provider firm will no longer be independent to perform peer reviews of user firms after that date (i.e. the necessary independence safeguard was not implemented timely, which is considered non-cooperation).

.161 Subsequent to the QCM review, if there are substantial changes in either the system for the development and maintenance of the materials or in the resultant materials themselves, the provider firm should consult with the National PRC to determine whether an accelerated QCM review is required.

.162 In addition, a provider firm that will perform the peer review of a user firm is required to have its own firm's subsequent peer reviews administered by the National PRC (from the point of scheduling the QCM review onward) (see interpretations).

.163 Voluntary providers of QCM that elect (but are not required) to have a QCM review should consult with the National PRC. Reviews of providers that voluntarily elect to have a QCM review under these standards must comply with the standards in all respects.

.164 Materials relating to audits of SEC issuers performed pursuant to the standards of the PCAOB are not within the scope of these standards.

.165 The National PRC will administer reviews of QCM based on the standards and the RAB Handbook. Where not otherwise addressed in this section, QCM reviewers and providers should refer to the other sections of the Standards for Performing and Reporting on Peer Reviews for additional guidance on performing, reporting on, and accepting QCM reviews.

Qualifications for Serving as a QCM Reviewer

.166 The National PRC establishes minimum requirements to qualify as a QCM reviewer. In addition to the peer reviewer qualifications set forth in the paragraphs under "Organizing the System or Engagement Review Team" and "Qualifying for Service as a Peer Reviewer" (see paragraphs 26–35) and in the interpretations, the National PRC will consider other factors in determining whether a potential QCM reviewer is qualified (see interpretations). Members of the QCM review team must be approved by the National PRC prior to the commencement of the review. Final approval of QCM review teams is at the National PRC's discretion.

Procedures for Planning and Performing QCM Reviews

.167 The provider should identify the materials, whether QCM or CPE program materials, to be reviewed and on which an opinion is to be expressed. A QCM or CPE review should include a study and evaluation of the system for the development and maintenance of the QCM or CPE program that have been identified and a review of the materials themselves. Where not otherwise addressed in the following list, the peer reviewer should refer to the guidance for performing and reporting on System Reviews (see paragraphs 36–101) and accepting System and Engagement Reviews (see paragraphs 132–140) for additional guidance on performing, reporting on, and accepting QCM and CPE reviews.

.168 A provider's system for the development and maintenance of the materials normally should include:

- a.* A requirement that the materials be developed by individuals qualified in the subject matter.

b. A requirement that the materials be reviewed for technical accuracy by a qualified person(s) other than the developer(s) to ensure that the materials are reliable aids to assist users in conforming to those professional standards the materials purport to encompass.

c. Procedures to ensure the currency and relevancy of the materials.

d. Procedures for soliciting and evaluating feedback from users of the materials.

e. Procedures for communicating the period and, where appropriate, the professional standards encompassed by the materials, and the provider's policy, if any, regarding the issuance of updates to the materials and, if a policy exists, the method of updating.

f. Procedures for ensuring that the materials are updated in accordance with the provider's policy when it has undertaken to update them.

.169 A study and evaluation of the system for the development and maintenance of the materials normally should include the following procedures:

a. Reviewing and evaluating the procedures established for developing and maintaining the materials.

b. Reviewing and evaluating the procedures established for updating (including distributing) the materials to ensure that the materials remain current and relevant when the provider has undertaken the responsibility for updating the materials (and for communicating any relevant changes in professional standards to program participants if new professional standards are issued prior to updating the CPE programs).

c. Reviewing the technical competence of the developer(s) or updater(s) of the materials.

d. Obtaining evidence that the materials were reviewed for technical accuracy by qualified person(s) other than the developer(s) or updater(s).

e. Determining whether the provider has appropriately communicated its policy regarding the period covered by the materials, the professional standards the materials purport to encompass, and the provider's intention to update the materials.

f. Reviewing the system developed for soliciting and evaluating feedback from users of the materials.

.170 A QCM or CPE review team should review the resultant materials, to the extent deemed necessary, to evaluate whether the materials are reliable aids to assist firms in conforming to those professional standards the materials purport to encompass.

Reporting on QCM Reviews

General

.171 The QCM review team should furnish the provider with a written report and the final FFC forms within 30 days of the date of the exit conference or by the provider's review due date, whichever is earlier. A report on a QCM review performed by a firm is to be issued on the letterhead of the firm performing the review. A report by a review team formed by an association of CPA firms is to be issued on the letterhead of the firm of the team captain performing the review. The report in a QCM review ordinarily should be dated as of the date of the exit conference. See interpretations for guidance on notification requirements and submission of review documentation to the administering entity.

Forming Conclusions on the Type of Report to Issue in a QCM Review

.172 The following circumstances ordinarily would be considered deficiencies or significant deficiencies:

- a.* The scope of the review is limited by conditions that preclude the application of one or more review procedures considered necessary (i.e. a scope limitation).
- b.* The provider's system of quality control for the development and maintenance of QCM, as designed, did not provide reasonable assurance that reliable aids had been developed or maintained.
- c.* The degree of compliance with the provider's system of quality control for the development and maintenance of QCM was not sufficient to provide user firms with reasonable assurance that reliable aids had been developed or maintained.
- d.* The resultant QCM are not reliable aids to assist user firms in conforming with the components integral to the professional standards the materials purport to encompass (generally resulting from the condition described in *b.* and/or *c.*).

.173 In those instances in which the QCM review team determines that a report with a review rating of *pass with deficiencies* or *fail* is required, all the reasons should be disclosed, and the QCM review team should consult with the National PRC prior to the issuance of the report.

Preparing the Report in a QCM Review

.174 The standard form for a review report on QCM with a review rating of *pass*, *pass with deficiencies*, and *fail* are included in appendixes R, "Illustration of a Report With a Review Rating of *Pass* in a Review of Quality Control Materials;" S, "Illustration of a Report with a Review Rating of *Pass with Deficiencies* in a Review of Quality Control Materials;" and T, "Illustration of a Report with a Review Rating of *Fail* in a Review of Quality Control Materials," respectively.

.175 A QCM report with a rating of *pass*, *pass with deficiencies*, or *fail* contains elements similar to those in a System Review report. As such, the written report in a QCM Review should:

- a. State at the top of the page the title "Quality Control Materials Review Report".
- b. State that the system of quality control for the development and maintenance of the materials and the resultant materials in effect at the year-end covered by the QCM review were reviewed.
- c. State that the review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants.
- d. State that the provider is responsible for designing and complying with a system of quality control that provides reasonable assurance that the materials are reliable aids to assist users in performing and reporting in conformity with the components which are integral to the professional standards that the materials purport to encompass.
- e. State that the reviewer's responsibility is to express an opinion on the design of the system of quality control, the provider's compliance with that system, and the reliability of the resultant materials based on the review.
- f. State that the nature, objectives, scope, limitations of, and procedures performed in a Quality Control Materials review are described in the standards.
- g. Include a URL reference to the AICPA Web site where the standards are located.
- h. State that the users of the materials are responsible for implementing, tailoring, and augmenting the materials as appropriate.
- i. State that there may be important elements of a quality control system in accordance with Statements on Quality Control Standards that are not part of the materials that have been subject to this QCM review.
- j. Identify the different review ratings that the provider could receive.
- k. In a report with a review rating of *pass*:
 - Express an opinion that the system of quality control for the development and maintenance of the quality control materials was suitably designed and was being complied with during the year ended to provide reasonable assurance that the materials are reliable aids

- Express an opinion that the quality control materials were reliable aids to assist users in conforming with the components which are integral to the professional standards the materials purport to encompass as of year-end.
- State at the end of the opinion paragraph that therefore the report reflects a review rating of *pass*.
- Reports with a review rating of *pass* do not contain any findings, deficiencies, significant deficiencies, or recommendations.

l. In a report with a review rating of pass with deficiencies:

- Express an opinion that, except for the deficiencies described above, the system of quality control for the development and maintenance of the quality control materials was suitably designed and was being complied with during the year ended to provide reasonable assurance that the materials are reliable aids; and/or
- Express an opinion that, except for the deficiencies described above, the quality control materials were reliable aids to assist users in conforming with the components which are integral to the professional standards the materials purport to encompass as of year-end.
- State at the end of the opinion paragraph that therefore the report reflects a review rating of *pass with deficiencies*.

m. In a report with a review rating of fail:

- Express an opinion that as a result of the significant deficiencies described above, the system of quality control for the development and maintenance of the quality control materials was not suitably designed and being complied with during the year ended, and therefore cannot provide reasonable assurance that the materials are reliable aids.
- Express an opinion that also, as a result of the significant deficiencies described above, the quality control materials are not reliable aids and do not assist users in conforming with the components which are integral to the professional standards the materials purport to encompass as of year-end.
- State at the end of the opinion paragraph that therefore the provider has received a review rating of *fail*.

n. Include, for reports with a review rating of pass with deficiencies or fail, written descriptions of the deficiencies or significant deficiencies and the reviewing firm's recommendations (each of these should be numbered).

o. Identify, for any deficiencies or significant deficiencies included in the report with a review rating of pass with deficiencies or fail any that were also made in the report issued on the provider's previous QCM review.

Provider Responses on QCM Reviews

.176 If the provider receives a report with a review rating of *pass with deficiencies* or *fail*, then the provider should respond in writing to the deficiencies and significant deficiencies and related recommendations identified in the report, if applicable. The letter of response should be addressed to the National PRC and should describe the action(s) planned (including timing) or taken by the provider with respect to each deficiency in the report. If the provider disagrees with one or more of the deficiencies or significant deficiencies, its response should describe the reasons for such disagreement. In the event that a material error or omission in the QCM is uncovered by the QCM review team, the response also should describe the provider's plan for notifying known users of that error or omission. The provider should submit the letter of response for review and comment to the team captain prior to submitting the response to the National PRC.

.177 The provider should submit a copy of the report and its letter of response to the National PRC by the provider's review due date. Prior to submitting the response to the National PRC, the provider should submit the response to the team captain for review, evaluation, and comment. If the provider receives a report with a review rating of *pass*, a letter of response is not applicable, and the provider does not submit a copy of the report to the National PRC.

.178 The provider should also respond on the FFC forms, if any are developed, to findings and related recommendations. These responses should describe the plan (including timing) the provider has implemented or will implement with respect to each finding. They should be submitted to the team captain no later than two weeks after the exit conference. FFC forms are submitted by the team captain with the applicable working papers to the National PRC.

.179 If, after a discussion with the team captain, the provider disagrees with one or more of the findings, deficiencies, or significant deficiencies, the provider should contact the National PRC for assistance in the matter (see paragraph 93). If the provider still disagrees with one or more of the findings, deficiencies, or significant deficiencies, its response on either the FFC form or in the letter of response, as applicable, should describe the reasons for such disagreement.

Appendix A

Summary of the Nature, Objectives, Scope, Limitations of, and Procedures Performed in System and Engagement Reviews and Quality Control Materials Reviews (as Referred to in a Peer Review or QCM Review Report) [excerpted]

Quality Control Materials Reviews

17. An organization (hereinafter referred to as *provider*) may sell or otherwise distribute quality control materials (QCM) that they have developed to CPA firms (hereinafter referred to as *user firms*). QCM may be all or part of a user firm's documentation of their system of quality control, and may include manuals, guides, programs, checklists, practice aids (forms and questionnaires) and similar materials intended for use in conjunction with a user firm's accounting and auditing practice. User firms rely on QCM to assist them in performing and reporting in conformity with the professional standards covered by the materials (as described in the preceding paragraphs).

18. A QCM review is a study and appraisal by an independent evaluator (known as a *QCM reviewer*) of a provider's QCM as well as the provider's system of quality control to develop and maintain QCM (hereinafter referred to as *provider's system*). The QCM reviewer's objective is to determine whether the provider's system is designed and complied with and whether the QCM produced by the provider are appropriate, so that user firms can rely on the QCM. The scope of a QCM review only covers materials related to accounting and auditing engagements under U.S. professional standards. The scope does not include SEC guidance, nor does it cover materials for tax or consulting services.

19. To plan a QCM review, a QCM reviewer obtains an understanding of (1) the provider's QCM, including the industries and professional standards that they cover, and (2) the design of the provider's system, including the provider's policies and procedures and how it ensures that they are being complied with. The QCM reviewer assesses the risk levels implicit within different aspects of the provider's system and QCM. The QCM reviewer obtains this understanding through inquiry of provider personnel, review of documentation on the provider's system, and review of the QCM.

20. Based on the QCM reviewer's planning procedures, the reviewer looks at the provider's QCM, including the instructions, guidance, and methodology therein. The scope of a QCM Review encompasses those QCM which the provider elects to include in the QCM review report; QCM designed to aid user firms with tax or other non-attest services are outside of the scope of this type of review. The QCM reviewer will also look at the provider's system and will test elements including but not limited to requirements regarding the qualifications of authors and developers; procedures for ensuring that QCM are current; procedures for reviewing the technical accuracy of the QCM; and procedures for soliciting feedback from users. The extent of a provider's policies and procedures and the manner in which they are implemented will depend upon a variety of factors, such as the size and organizational structure of the provider and the nature of the materials provided to users. Variance in individual performance and

professional interpretation affects the degree of compliance with prescribed quality control policies and procedures. Therefore, adherence to all policies and procedures in every case may not be possible. The objectives of obtaining an understanding of the provider's system and the QCM forms the basis for the QCM reviewer's conclusions in the QCM review report.

21. When a provider receives a QCM Review report from an approved QCM reviewer with a review rating of *pass*, this means the provider's system is designed and being complied with and the QCM produced by the provider are appropriate so that user firms can rely on the QCM to assist them in performing and reporting in conformity with the professional standards covered by the materials. If a provider receives a QCM review report with a review rating of *pass with deficiencies*, this means the provider's system is designed and being complied with and the QCM produced by the provider are appropriate so that user firms can rely on the QCM to assist them in performing and reporting in conformity with the professional standards covered by the materials, except in certain situations that are explained in detail in the review report. When a provider receives a report with a review rating of *fail*, the QCM reviewer has determined that the provider's system is not suitably designed or being complied or the QCM produced by the provider are not appropriate, and the reasons why are explained in detail in the report.

22. There are inherent limitations in the effectiveness of any system and, therefore, noncompliance with the system may occur and not be detected. A QCM Review is based on the review of the provider's system and QCM. It is directed at assessing whether the provider's system is designed and complied with and whether the QCM produced by the provider are appropriate so that user firms have reasonable, not absolute, assurance that they can rely on the QCM to assist them in performing and reporting in conformity with the professional standards covered by the materials. Consequently, a QCM Review would not necessarily detect all weaknesses in the provider's system, all instances of noncompliance with it, or all aspects of the QCM that should not be relied upon. Projection of any evaluation of a system or QCM to future periods is subject to the risk that the system or QCM may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

Appendix B
Considerations and Illustrations of Firm Representations

Illustration of a Representation Letter That has No Significant Matters to Report to the Team Captain or Review Captain

(The firm may tailor the language in this illustration and may refer to attachments to the letter as long as adequate representations pertaining to the matters discussed above, as applicable, are included to the satisfaction of the team captain or review captain.)

October 31, 20XX
To the Team Captain or Review Captain

We are providing this letter in connection with the peer review of [name of firm] as of the date of this letter and for the year ended June 30, 20XX.

We understand that we are responsible for complying with the rules and regulations of state boards of accountancy and other regulators. We confirm, to the best of our knowledge and belief, that there are no known situations in which [name of firm] or its personnel have not complied with the rules and regulations of state board(s) of accountancy or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review. We have also provided a list of all engagements to the [team captain, review captain, or administering entity] with periods ending during the year under review. For attestation engagements, including financial forecasts or projections, the list included those engagements with report dates during the year under review. We have also provided the [team captain or review captain] with any other information requested, including communications by regulatory, monitoring, or enforcement bodies relating to allegations or investigations in the conduct of its accounting, audit, or attestation engagements performed and reported on by the firm, whether the matter relates to the firm or its personnel, within three years preceding the current peer review year-end. In addition, there are no known restrictions or limitations on the firm's or its personnel's ability to practice public accounting by regulatory, monitoring, or enforcement bodies within three years preceding the current peer review year-end. We understand the intended uses and limitations of the quality control materials we have adopted. We have tailored and augmented the materials as appropriate such that the quality control materials encompass guidance which is sufficient to assist us in conforming with the Statements on Quality Control Standards and professional standards applicable to our accounting and auditing practice in all material respects. We have also discussed the content of our PCAOB inspection report with the [team captain or review captain] (if applicable).

Sincerely,

[Name of reviewed firm]

Appendix R

Illustration of a Report with a Review Rating of *Pass* in a Review of Quality Control Materials

Quality Control Materials Review Report

April 30, 20XX

Executive Board
XYZ Organization
and the National Peer Review Committee

We have reviewed the system of quality control for the development and maintenance of [*identify each item covered by the opinion or refer to an attached listing*] (hereafter referred to as *materials*) of XYZ Organization (the provider) and the resultant materials in effect at December 31, 20XX. Our quality control materials review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The provider is responsible for designing and complying with a system of quality control that provides reasonable assurance that the materials are reliable aids to assist users in conforming with the components which are integral to the professional standards that the materials purport to encompass. Our responsibility is to express an opinion on the design of the system, the provider's compliance with that system, and the reliability of the resultant materials, based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a Quality Control Materials Review are described in the standards at www.aicpa.org/prsummary.

Users of the materials are responsible for implementing, tailoring, and augmenting the materials as appropriate. There may be important elements of a quality control system in accordance with Statements on Quality Control Standards that are not part of the materials that have been subject to this review.

In our opinion, the system of quality control for the development and maintenance of the quality control materials of the XYZ Organization was suitably designed and was being complied with during the year ended December 31, 20XX, to provide reasonable assurance that the materials are reliable aids. Also, in our opinion, the quality control materials^{††} referred to above are reliable aids at December 31, 20XX to assist users in conforming with the components which are integral to the professional standards the materials purport to encompass. Organizations can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. This review has resulted in a review rating of *pass*.

ABC & Co.^{||||}

^{||||} The report should be signed in the name of the team captain's firm for firm-on-firm reviews or association formed review teams.

Peer Reviews To Be Administered by the National Peer Review Committee

11-1 Question—Paragraphs .11,.128, and .161 of the standards note that peer reviews intended to meet the requirements of the program should be carried out in conformity with the standards under the supervision of a state CPA society, group of state CPA societies, the National PRC, or other entity (hereinafter, administering entity) approved by the board to administer peer reviews. Under what circumstances are peer reviews administered by the National PRC? What other criteria relate to the firms previously enrolled in the Center for Public Company Audit Firms Peer Review Program (CPCAF PRP) and to that program’s peer reviewers?

Interpretation—Firms are required to have their review administered by the National PRC if they meet any of the following criteria:

- a. The firm is required to be registered with and inspected by the PCAOB.
- b. The firm performs audits of non-SEC issuers pursuant to the standards of the PCAOB.
- c. The firm is a provider of QCM (or affiliated with a provider of QCM) that are used by firms it peer reviews.

Firms that are not required to have their review administered by the National PRC may choose to do so. However, such firms are subject to the National PRC’s administrative fee structure and should familiarize themselves with that structure prior to making such a decision.

If corrective or monitoring actions were imposed by the CPCAF Peer Review Committee on a CPCAF PRP firm or peer reviewer, those actions will carryover to the firm’s enrollment and the peer reviewer’s involvement in the AICPA Peer Review Program, unless the actions were specific to the CPCAF PRP, as determined by the board.

Independence, Integrity, and Objectivity

21-1 Question —Paragraph .21 of the standards states that independence in fact and in appearance should be maintained with respect to the reviewed firm by a reviewing firm, by review team members, and by any other individuals who participate in or are associated with the review and that the review team should perform all peer review responsibilities with integrity and maintain objectivity in discharging those responsibilities. What criteria have been established by the board?

Interpretation—c. Relationships With the Reviewed Firm [excerpted]

Reviewing firms should consider any family or other relationships between the management at organizational and functional levels of the reviewing firm, affiliate relationships, alternative practice structures, and common ownership of entities that provide products or services and the firm to be reviewed, and should assess the possibility of an impairment of independence. For peer review purposes (including QCM reviews), entities that are affiliated to, are a part of an alternative practice structure with, or share common ownership with a reviewing firm are

considered to be a part of the reviewing firm when assessing the independence of the reviewing firm.

If the fees for any services provided between firms, whether paid by the referring firm or by the client, involving the reviewed firm and the reviewing firm or the firm of any member of the review team are material to any of those firms, independence for the purposes of this program is impaired.

If arrangements exist between the reviewed firm and the reviewing firm (and any of its affiliates or related entities) or the firm of any member of the review team whereby expenses, office facilities, or personnel are shared, independence for the purposes of this program is impaired. Similarly, independence would be considered to be impaired by sharing arrangements involving, for example, extensive consultation, or preissuance reviews of financial statements and reports. In such circumstances, the firms involved are sharing services that are an integral part of their systems of quality control.

If the reviewing firm has provided or sold quality control materials to the reviewed firm (such as manuals, guides, checklists, practice aids, etc.) independence for the purposes of this program is impaired. However, the impairment would be removed if an independent review of the quality control materials was performed and submitted to the National PRC before the commencement of the reviewed firm's peer review (see paragraphs 159 and 160, and Interpretation 199-1). In addition, whether or not an independent review of the quality control materials was performed, the review team members cannot be directly involved in the development and/or maintenance of the provider firm's materials, report to those that were directly responsible for the development and/or maintenance of the materials, or receive more than a de minimus amount of revenues or other monies generated by the sale of the materials.

21-7 Question—Firm A is engaged to perform the peer review of Firm B. Firm B's staff attends CPE programs developed by Firm A. Can Firm A perform a peer review of Firm B?

Interpretation—Yes, as long as Firm A has not effectively become a part of Firm B's system of quality control. If Firm A (or any affiliates of or entities related to Firm A) develops and customizes CPE specifically to Firm B's needs, both firms would need to assess the extent and degree of customization to determine whether Firm A has become a part of Firm B's system of quality control, or had a significant enough impact on that system such that Firm A's independence would be impaired. Factors to consider include the degree of customization, the significance of the programs to Firm B's system of quality control, whether Firm A was involved in determining the type of CPE programs that Firm B needs, etc. Based on the factors considered, if the nature of Firm A's relationship with Firm B effectively makes Firm A a part of Firm B's system of quality control, Firm A's independence is impaired for the first peer review immediately subsequent to the training provided.

For example, if Firm A developed and presented CPE programs and training for Firm B that were customized to Firm B's practice, including using some of Firm B's engagements as examples and

learning tools, Firm A's independence is impaired for the first peer review immediately subsequent to the training provided. However, Firm A would be permitted to perform any successive peer reviews.

This assessment should be made by both firms prior to the commencement of the peer review. Firm B should consult with the administering entity if needed.

21-9 Question—Firm B uses Firm A's internally-developed accounting and auditing manual as its primary reference source. Can Firm A perform a peer review of Firm B, or can Firm B perform a peer review of Firm A?

Interpretation—No, unless Firm A has had a QCM review performed that covers its accounting and auditing manual and any other of its reference material used by Firm B as a primary reference source (see "Performing and Reporting on Reviews of Quality Control Materials (QCM)" in the standards). This is also applicable if the manual is developed by an affiliate of Firm A, or any other entity related to Firm A. If this is Firm A's initial QCM review, then Firm A is not independent to perform the peer review of Firm B until the QCM review is accepted. For all subsequent QCM reviews, Firm A will remain independent with respect to Firm B as long as the QCM review is submitted by the due date. If Firm A elects not to have a QCM review performed before Firm B's peer review commences, Firm A would not be considered independent for purposes of conducting the peer review. In all circumstances, the review team members cannot be directly involved in the development and/or maintenance of Firm A's accounting and auditing manual, report to those that were directly responsible for the development and/or maintenance of the manual, or receive more than a de minimus amount of fees or other monies from the total revenues generated by the sale of the manual.

21-20 Question— Firm A purchases an accounting and auditing manual developed by an association that it belongs to as its primary reference source. Personnel from Firm B that are also peer reviewers aided the association with the development of the manual by authoring significant sections of the manual. The association receives annual approval to form review teams for its member firms. Can the association include reviewers from Firm B on the review team to peer review Firm A?

Interpretation—Yes, as long as the following personnel from Firm B are not included on the review team: personnel directly involved in the development and/or maintenance of the association's accounting and auditing manual (i.e. those that authored sections of the manual), report to those that were directly responsible for the development and/or maintenance of the manual, or receive more than a de minimus amount of fees or other monies from the total revenues generated by the sale of the manual that aided the association with the development of the manual are not included on the review team.

21-21 Question—ABC, Inc. (an affiliate of Firm A) is a provider of audit manuals and guides for various industries. Firm B purchases an industry-specific audit manual from ABC, Inc. to assist with performing audit engagements for a niche industry. The niche industry represents

an insignificant portion of Firm B's overall audit and attest practice. Firm B does not purchase any other practice aids or manuals from ABC, Inc. Can Firm A perform the peer review of Firm B?

Interpretation—Yes, unless either the niche industry grows to become a more significant part of the firm's overall practice and the same audit manual is used, or the niche industry is a must select industry. If either occurs, then the industry manual would be assessed as being integral to Firm B's system of quality control, and Firm A's independence would be impaired (see Interpretations 21-1c and 159-1 for additional information on affiliate relationships). If ABC, Inc. had the relevant audit manual undergo an independent QCM review in compliance with the standards, Firm A's independence would not be impaired. However, any reviewers from Firm A that participated in the development and/or maintenance of ABC, Inc.'s materials, report to those that were directly responsible for the development and/or maintenance of the materials, or receive more than a de minimus amount of the revenues generated from the sale of the materials would not be independent of Firm B, and would not be approved as a part of the review team under any circumstances. This is applicable regardless of the nature of the materials purchased by Firm B, and includes audit programs, practice aids, etc.

If the nature of the audit manual or guide purchased and adopted is not integral to Firm B's system of quality control, independence would not be impaired. Factors that should be considered in assessing whether or not the manual is an integral part of the system of quality control include the size of the impacted portion of the firm's practice (by industry, level of service, engagement hours, etc), the risk associated with that portion of the firm's practice (for example, must select industries), the degree of reliance placed on the manual, the significance of the guidance provided by the manual to the related engagements, etc.

21-22 *Question*—Reviewers from Firm A provide technical consultation to a third-party provider of QCM. The extent of the consultation entails reviewing portions of various guides for technical accuracy, and providing feedback (if any) to the provider. The reviewers have no control over whether their feedback is addressed or how it impacts the end products ultimately marketed as the guides. Firm B uses guides developed by the provider as an integral part of its system of quality control. Can Firm A perform the peer review of Firm B?

Interpretation—Yes, Firm A would be independent for purposes of conducting the peer review of Firm B. However, when reviewers provide consulting or other services to third party providers, they should assess whether their individual contributions were sufficiently significant to make them a part of the provider's system. In this circumstance, the extent of the reviewers' contributions does not make them a part of the provider's system of quality control. Similarly, if the reviewers from Firm A authored or edited portions of a third-party provider's guides or other materials, they should also assess the degree and impact of their contributions.

If the reviewers' contributions went beyond simple consultation and entailed more formal technical review and approval procedures as a part of the development and maintenance process, or if the reviewers exercised control within the development and maintenance process

such that feedback and comments had to be addressed or incorporated into the materials, then the independence of Firm A is impaired. Firm A's independence would also be impaired if the reviewers authored or edited substantial portions of the guides. In both of these scenarios, the reviewers' contributions are significant to the provider's development and maintenance process, such that the reviewers' have effectively become a part of the provider's system of quality control.

If the provider elected to have an independent QCM review, and the scope of the review included the materials technically reviewed, authored, etc. by the reviewers, then Firm A's independence would no longer be impaired. However, the specific reviewers from Firm A that participated in the development and/or maintenance of the materials, report to those that were directly responsible for the development and/or maintenance of the materials, or receive more than a de minimus amount of the revenues generated from the sale of the materials would not be independent of Firm B.

Associations of CPA Firms and Association Formed Review Teams

26-1 Question—Paragraph .26 of the standards states that a review team may be formed by a firm engaged by the firm under review (a firm-on-firm review) or an association of CPA firms authorized by the board to assist its members in forming review teams (an association formed review team). What criteria have been established by the board for association formed review teams?

Interpretation—Associations of CPA firms include any group, affiliations, or alliances of accounting firms. The term also applies to two or more firms or a group of firms (whether a formal or informal group) that jointly market or sell services. Firms and other entities in the association cooperate with one another to provide professional services.

A member firm of an association may conduct a peer review of another association-member firm enrolled in the program, provided that the association is not a network as defined by Interpretation 26-2 and the association receives annual approval from the board. The National PRC administers this process on behalf of the board. The association must submit an AIF to the National PRC that must be approved by the board prior to any aspect of the review being planned, scheduled, or performed.

The AIF contains questions regarding general information about the association, independence matters, and whether the association requests to be approved to assist its members in the formation of review teams, provide technical assistance to such review teams, or do both. All review teams must still be approved by the administering entity. The AIF is subject to oversight by the board.

The approval of the AIF specifically relates to AICPA members of an association having the ability to perform peer reviews of other AICPA members in the same association enrolled in the program. Furthermore:

a. Annual approval of the AIF does allow, where the association is not a network and has answered the specific questions making such a request, the association the ability to assist its members in the formation of review teams (association formed review teams) or to provide technical assistance to such review teams.

b. The reviewed firm and administering entity, not the association, is ultimately responsible for ensuring that its peer review is scheduled, performed, and completed in a timely manner.

c. Annual approval of the AIF does not grant the association the authority to administer the program; therefore, the association is not deemed an approved administering entity.

d. Approval of the AIF is not an endorsement of, approval of, or has any applicability to a separate peer review program that an association may conduct or administer for non-AICPA members.

e. If the association makes any representations (in brochures, directories, pamphlets, Web pages, or any marketing or selling materials regarding its member firms in obtaining engagements), in order for the AIF to be approved such representations must be objective and quantifiable.

For a member firm of an association to conduct peer reviews of another association-member firm enrolled in the program, in addition to the independence requirements related to network firms appearing in Interpretation 26-2 and other peer review independence requirements, the association and its member firms must meet the following independence criteria:

a. The association, as distinct from its member firms, does not perform any professional services other than those it provides to its member firms or affiliates. For purposes of this requirement, *professional services* include accounting, tax, personal financial planning, litigation support, and professional services for which standards are promulgated by bodies designated by AICPA Council.

b. The association does not make representations regarding the quality of professional services performed by its member firms to assist member firms in obtaining engagements unless the representations are objective or quantifiable. However, member firms may independently publicize their membership in the association. In addition, an association may respond to inquiries and prepare promotional materials that firms may use to obtain professional engagements on their own behalf.

c. Referral or participating work among member firms is arranged directly by the firms involved.

An association may voluntarily elect to have an independent QCM review of its system of quality control to develop and maintain quality control materials used by its member firms (see paragraphs .154-.179 of the standards). An association may wish to have such a review to enable its member firms that use the materials it develops to have more efficient peer reviews. Associations that elect to have this type of review should consult with AICPA program staff.

An association formed review team,

a. requires that a majority of the review team members, including the team captain in a System Review, and all members in an Engagement Review, be from association member firms.

b. performs peer reviews in accordance with these standards, interpretations, and other guidance and the peer review report is issued on the letterhead of the team captain or review captain's firm and signed in the name of the team captain or review captain's firm (not the association).

Peer reviews performed by association-formed review teams are subject to oversight by the board and the administering entities and other bodies agreed upon by the board and the administering entity.

Independent QCM Reviews

159-1 Question—Paragraph .159 of the standards refers to an *affiliate* or *related entity* as considerations in determining whether the QCM review is required. What does an affiliate mean in this context, and how can an affiliate relationship lead to a required QCM review?

Interpretation—For QCM review purposes, a CPA firm has an affiliate relationship with another entity if the firm controls or has the power to control the other entity (or vice versa), if there is mutual ownership of the firm and the other entity, or if a third party controls or has the power to control both the firm and the other entity. If a CPA firm is affiliated with an entity that is a provider of quality control materials (QCM), and the CPA firm performs peer reviews of other firms, the CPA firm is considered a provider firm. The CPA firm's independence will be impaired to perform peer reviews of firms that use the QCM sold by the affiliate, unless an independent review on the QCM is completed.

161-1 Question—The standards note that in the event of substantial changes in a provider's system of quality control to develop and maintain materials, or substantial changes in the materials themselves, the provider should consult with the National PRC to determine whether an accelerated QCM review is warranted. What are factors that the National PRC will consider in making this determination?

Interpretation—The National PRC will consider the following (at a minimum) in determining whether the provider should have an accelerated review:

- The reasons for and types of changes in the system, the resultant materials, or both
- The period of time since the last QCM review
- The rating of the last QCM report

If the provider is a provider firm that performs peer reviews of user firms, and the provider firm's system of quality control or the resultant materials underwent substantial changes, it may be necessary for the provider firm to have an accelerated QCM review in order to maintain independence with respect to user firms.

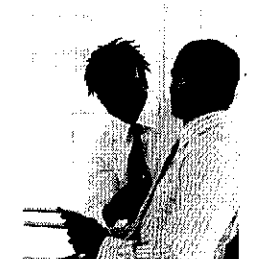
166-1 Question—Paragraph .166 of the standards indicates that the National PRC will consider other factors (in addition to the qualifications set forth in the paragraphs under “Organizing the System or Engagement Review Team” and “Qualifying for Service as a Peer Reviewer”) in determining whether a peer reviewer is appropriately qualified to perform a QCM peer review. What are the other considerations?

Interpretation—The National PRC, as the administering entity for QCM reviews, establishes the qualifications necessary to perform a QCM review. In addition to the peer reviewer qualifications set forth in paragraphs 26-35, reviewers of QCM must have relevant and current industry experience in their own firm. The National PRC will also consider the history and nature of reviewer feedback, AICPA or administering entity imposed peer reviewer restrictions, and other pertinent factors.

Subsequent to the approval of a QCM reviewer, situations may arise which causes the reviewer to no longer meet the qualifications for serving as a QCM reviewer. Such situations include (but are not limited to):

- Suspension or termination of AICPA membership
- Change in the status of the reviewer's CPA license from active status
- Eligibility criteria to serve as a peer reviewer in paragraph .31 are no longer met
- Communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of the peer reviewer firm's accounting and auditing practice, and/or notifications of limitations or restrictions on the peer reviewer's firm's right to practice.

It is the responsibility of the provider to ensure that review team members continue to meet the qualifications. Peer reviewers that have a conflict of interest with respect to the QCM under review will not be approved as a QCM review team member. Examples of individuals with conflicts of interest include someone who assisted in the materials' development or maintenance process, uses the materials as an integral part of their firm's system of quality control, or is an individual from a firm that is a member of the association whose materials are under review.



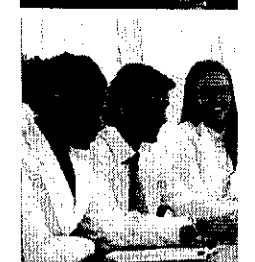
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NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

CANDIDATE CONCERNS IIQ2

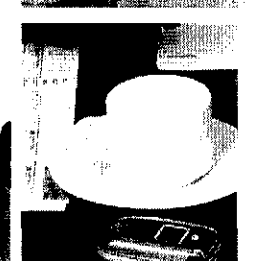
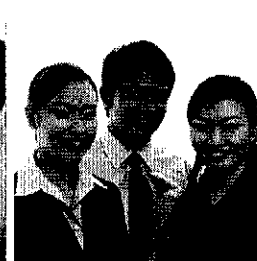
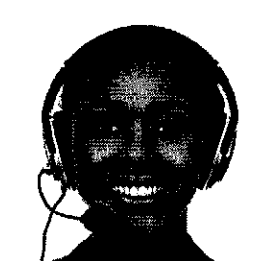
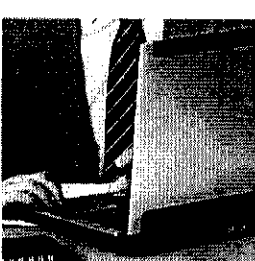
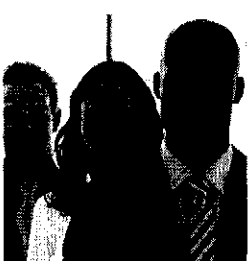
CANDIDATE CARE DEPARTMENT

APRIL 1 – MAY 31, 2011



PENNY VERNON, MANAGER
ELETTA NILES, SECURITY SPECIALIST
BRUCE COSTAIN, CANDIDATE ADVOCATE

150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417 Tel 615/880-4200 fax 615/880-4290
Web www.nasba.org



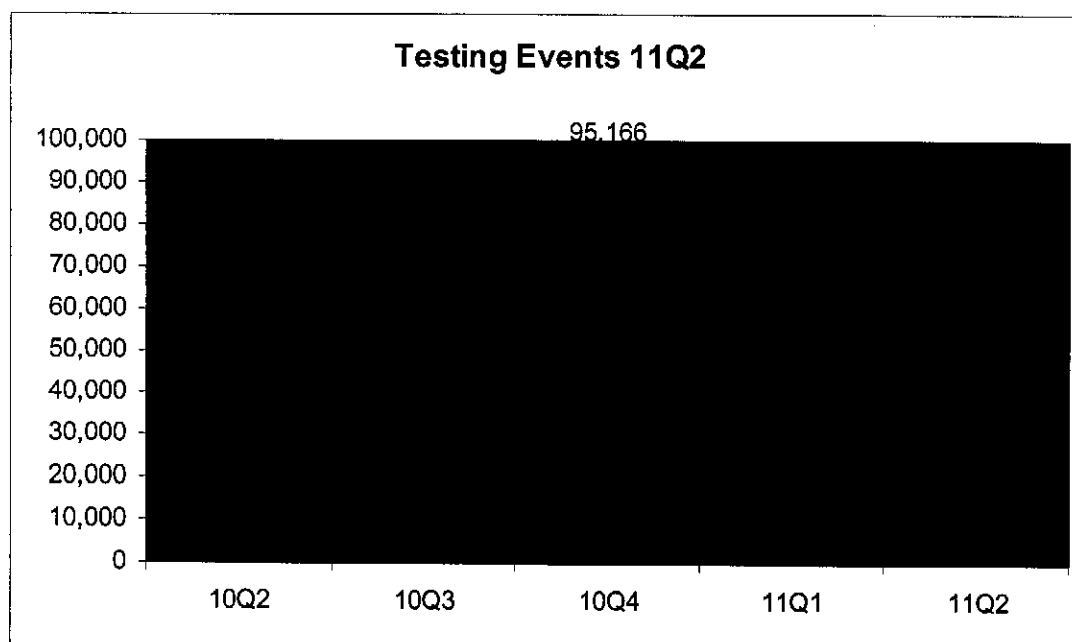
CANDIDATE CARE DEPARTMENT

CANDIDATE CONCERNS

11Q2

APRIL 1-MAY 31, 2011

This report highlights concerns presented to NASBA's Candidate Care Department during the second window of the CBT-e Examination.



Load Time:

Candidates continued to express frustration with the load time during their examinations. Many reported that the load time was excessive when moving from one question to the next in the multiple choice testlets and an increase in the downloading of information in the simulations. They were concerned that they had lost time and did not have a fair testing experience.

Each concern received by NASBA was forwarded to the AICPA for investigation and, as had been established by the end of the last window, all were given the option of receiving a free retest regardless of the length of the delays.

Software and hardware updates are in progress to reduce the load times and improve the candidate experience. These updates will not go into effect until January of 2012. In the

meantime free retests will continue to be offered to affected candidates who report the issue to NASBA's Candidate Care Department .

Tornado:

In April, Alabama was hit with a devastating tornado. Some candidates were unable to make their appointments due to the devastation, while others were called to serve in assisting with the clean-up. Each affected candidate was responded to personally and assisted in rescheduling.

Exit Button:

NASBA began receiving emails from candidates at the end of the first window complaining that the examination had terminated before they had finished. Upon investigation it was determined that these candidates were not familiar with the new procedures of the CBT-e Examination and were hitting the 'quit' button instead of 'continue' when moving from one question to another. When they did so, they were given a warning that stated: "You have not answered all the questions in this testlet. Are you sure you want to exit this testlet?" The candidates responded 'yes' to the warning. This action then took them to the Review Page which, if they read, it instructed them on how to get back into the testlet to complete it. However, the candidates continued their navigations and the testlet ended. In many cases, if they were in the simulations, ended the examination as well.

All such concerns were investigated to ensure that the above determination is what had transpired. If so, candidates were informed that this was their error. And if they did not pass, would have to reapply and pay to retake the section in the next testing window as they had already had exposure to test questions.

Due to the frequency of this occurrence an email blast was sent to all candidates with open NTSs to remind them of this feature of the examination.

International Examination:

In preparation for the launch of the CPA at International Testing Centers, the staff of NASBA's Candidate Care Department worked diligently throughout this window to become familiar with the different aspects of administering the examination in these locations.

Particular attention was paid to the eligibility (both academic and residency) and identification requirements.

Also, there were approximately 550 emails received from prospective candidates inquiring about details of the process of taking the examination. Each was handled individually,

providing information and links to the appropriate websites where they could obtain updates of information as it became available.

Conclusion:

NASBA's Candidate Care Department continues to make your candidates a priority and we are excited about the challenges ahead as the examination becomes global.

We welcome any comments, suggestions or questions you may have. Please contact our Department at any time at candidatecare@nasba.org or Penny Vernon at pvernon@nasba.org, 615-880-4209.

Summary of Candidate Concerns:

Mantis Categories & Totals		
Window	11Q1	11Q2
Category		
AICPA & Test Content	10	11
Calculator	0	0
Candidate Error	81	71
Confirmation of Attendance	78	102
Delay/Time Loss	65	76
Environment	79	0
IEXAM Inquiries	249	538
Japan Crisis	60	63
Other	5	7
Prometric Scheduling Issues	9	38
Prometric Site Issues	16	28
Security - ID Issues	9	20
Security - Incidents	17	11
Software - other	1	1
Technical - shutdown	14	6
Technical - other	65	120
Total – Mantis	758	1,092
Coordinator followup	84	78
CPAES & NCD	101	96
TOTAL	943	1,266
Total Testing Events	49,408	53,297

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

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors April 28, 2011 – Royal Sonesta Hotel, New Orleans, LA

1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Michael Daggett at 9:03 a.m. on Friday, April 28, 2011 at the Royal Sonesta Hotel in New Orleans, Louisiana.

2. Report of Attendance

President David Costello reported the following were present:

Officers

Michael T. Daggett, CPA (AZ), Chair
Mark P. Harris, CPA (LA), Vice Chair – Arrived at 11:25 a.m.
Billy M. Atkinson, CPA (TX), Past Chair
Theodore W. Long, Jr., CPA (OH), Treasurer, Director-at-Large
Gaylen R. Hansen, CPA (CO), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)
Walter C. Davenport, CPA (NC)
Richard Isserman, CPA (NY)
Carlos E. Johnson, CPA (OK)
Harry O. Parsons, CPA (NV)
Kathleen J. Smith, CPA, Esq. (NE)
E. Kent Smoll, CPA (KS)

Regional Directors

Jefferson Chickering, CPA (NH), Northeast
Miley ("Bucky") Glover, CPA (NC), Middle Atlantic
Janice L. Gray, CPA (OK), Southwest
Telford A. Lodden, CPA (IA), Central
Kenneth R. Odom, CPA (AL), Southeast
Laurie J. Tish, CPA (WA), Pacific
Kim Tredinnick, CPA (WI), Great Lakes
Karen Foster Turner, CPA (CO), Mountain

Executive Directors' Liaison

Richard C. Sweeney, CPA (WA)

Staff

David A. Costello, CPA, President and Chief Executive Officer
Ken L. Bishop, Senior Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Chief Financial Officer
Louise Dratler Haberman, Director - Information and Research
Thomas G. Kenny, Director – Communications
Noel L. Allen, Esq., Legal Counsel
Anita L. Holt, Executive Assistant to the President

3. Approval of Minutes

On a motion by Ms. Smith, seconded by Mr. Parsons, the minutes of the January 14, 2011 meeting of the NASBA Board of Directors were approved with corrections.

4. Report of the Chair

Chair Daggett summarized the meetings he had participated in since the January Board meeting. In February he, Messrs. Costello, Bishop, Harris, Sweeney, Kenny and Ms. Haberman met for a "summit" with AICPA leadership and senior staff in Naples, Florida. The AICPA representatives voiced support for NASBA's efforts to develop semi-independent boards. They are also assisting in the State Boards' struggles to prevent consolidation. There was discussion of the Uniform Accountancy Act's exposure draft on firm names, and the NASBA and AICPA differences on the Blue Ribbon Panel's recommendations. Chair Daggett pointed out to the NASBA Board that the AICPA did not mention their signing an agreement to establish a certification program with the CIMA (the UK's Chartered Institute of Management Accountants, which has 120,000 members). The next summit with AICPA is scheduled for September 2011 in New York City.

Other meetings attended by Chair Daggett and other NASBA leaders included the annual meeting of the Association of Chartered Accountants in the United States (ACAUS) held in New York City and NASBA's Executive Directors, Legal Counsel and Continuing Professional Education Conferences held in March in San Diego. In March, Mr. Daggett also met with PCAOB Chairman James R. Doty and PCAOB Special Counsel to the Chairman Samantha E. Ross, and discussed unlicensed practice in the U.S. of foreign auditors registered with the PCAOB and how the PCAOB could assist the State Boards in identifying those practicing within their jurisdictions without being appropriately licensed. Chairman Doty has agreed to be the keynote speaker at NASBA's 2011 Annual Meeting, and PCAOB Member Daniel Goelzer will be speaking at the International Forum, Chair Daggett noted.

A meeting with leadership of NASBA, the Canadian Institute of Chartered Accountants and the AICPA has been scheduled prior to the NASBA International Regulators Forum in Vancouver, BC, in July, he reported.

Chair Daggett observed that when he has attended NASBA committee meetings this year, he has been impressed by the work being done by the chairs, members and staff. Noting that tax season has now ended, he encouraged all to continue to move ahead and accomplish their charges.

5. Executive Session

Chair Daggett called the Board into executive session at 9:25 a.m. The Board went back into open session at 11:25 a.m.

6. Report of the President

President Costello said NASBA's current activities can be summarized as three Ts: "Transfer - Transition - Transcend." Transfer can be seen as Mr. Bishop travelled to Abu Dhabi in the process of setting up Uniform CPA Examination testing sites in five different countries, and starting in May will be accepting applications for test taking at those sites commencing in August. It is also the State Boards' looking at both the majority and minority views of the Blue Ribbon Panel's work through discussions at the Regional Meetings. A healthy period of "transition" to Mr. Bishop's becoming President in 2012 has begun, with the February 24-25 NASBA Staff Directors' Retreat, which required participants' reading two books, *Switch* and *Managing Transitions*. Five new State Board Executive Directors attended the "NASBA U" orientation in Nashville, and successful Executive Director and Legal Counsel Conferences were held in March.

"Transcend means you go beyond where you are," President Costello stated. NASBA is nothing compared to what it will be in the future, he predicted, and the Center for the Public Trust "will be part of the transcendence." The CPT's new "Ethics Network" membership program will be launched in May 2011. CPT has also sponsored its second ethics video contest for college students.

NASBA staff members have completed a "Healthy 4 Life" program, which may be exported to other companies, President Costello reported. NASBA's four-year-old "Toastmasters' Club" won a Corporate Recognition Award. In addition, NASBA staff members have celebrated a "Beautiful Day" about once a quarter, President Costello said, featuring special treats.

President Costello concluded his remarks by showing a news video of the opening of the ice skating rink in Dodge City, KS, which was supported by NASBA Director-at-Large Kent Smoll, who is a Dodge City Commissioner. He is seen wearing a pink tutu as he skated around the rink (as he promised voters he would do if the rink were opened).

7. Report from Vice Chair

Vice Chair Harris welcomed the Board to Louisiana and expressed his appreciation of the Board's meeting in his state. He told the Board that NASBA committee interest forms had been distributed and are due back to Ms. Holt in two weeks. He asked that any questions about the committees be directed to Ms. Holt.

Chair Daggett also reminded the Board that nominations for NASBA's awards are due back soon.

8. Report from Executive Vice President

Executive Vice President Bishop reported that NASBA's goal was to have expanded hours of call center operation. The Guam examination center is the busiest in the world, he said, with personnel who have language skills in English, Korean and Japanese. The Nashville call center operates 8:30 a.m. - 4:30 p.m. Central Time. The goal to offer 16 hours of coverage will be accomplished by transferring calls to the Guam center when NASBA's Nashville office closes. The expansion of the Guam call center was managed by NASBA's James Suh and Joe Cote, and the project hit its timeline. The new international call center will be launched in May with an opening reception to be attended by Guam elected officials and Messrs. Daggett and Bishop.

Mr. Bishop reported that during his visit to the Middle East to arrange for the administration of the Uniform CPA Examination in those countries, he was regularly asked how the CPA compares with the Association of Certified Chartered Accountants (ACCA). The ACCA does not have as rigorous education and examination requirements as the CPA does, but the ACCA is politically astute, he observed, and they will view the U.S. CPA as a competitor now that it is being offered internationally. The ACCA has offices in the United States, and can sign audit reports in the United Kingdom and one province in Canada. Mr. Bishop was able to meet with the Crown Prince of Abu Dhabi to discuss the value of the US CPA credential.

The business plan for the international administration of the CPA Examination calls for the program to pay for itself and to help lower the cost of the examination for domestic candidates. On-line registration for the internationally administered examination will begin on May 2, 2011 and on August 1 the first examination will be delivered abroad. Most of the State Boards are opting into the program for testing their candidates, Mr. Bishop stated. However, more may need to be done to educate the state CPA societies, he noted.

All of the sites selected outside the U.S. are considered to be "high stake exam sites" by Prometric. While there has been conflict in Bahrain and some in the United Arab Emirates and Lebanon, commerce and education are still going on in these areas, Mr. Bishop assured the Board. During demonstrations, the Prometric testing centers in Bahrain were closed down, he reported, and he said the CPA Examination would only be given in a safe testing environment that would not put it in harm's way. He said the safest testing environments in the Middle East had been selected. Other additional countries are now under consideration for future sites.

Mr. Isserman asked if the international centers are just making it easier for residents of Japan and the Middle East to take the examination. Mr. Bishop said that candidates from India who have international employment and resident status currently apply through Colorado to take the exam at domestic testing centers. Being able to take the exam in the Middle East will be helpful to them too.

Asked how many centers will be available this year, Mr. Bishop said there are three in Japan, two in the United Arab Emirates, two in Lebanon, one in Kuwait and one in Bahrain. While Japanese candidates will now probably go to the testing centers in Japan, the Korean candidates will continue to go primarily to the Guam testing center, he said.

9. Report of the Administration and Finance Committee

Treasurer Long reported that revenue from examination services increased in the final quarter of 2010 as candidates acted to take the Uniform CPA Examination prior to the launch of CBT-e. Overall, revenue and expenses for the fiscal year were projected to yield operating results moderately in excess of budgeted levels. Year-to-date investment returns are, however, greatly in excess of budgeted amounts.

On behalf of the A&F Committee, Mr. Long presented a revised investment policy to provide more discretionary authority to the investment consultant to act under the Board-approved policy guidelines. Mr. Smoll moved to approve the investment policy as presented with minor technical corrections and subject to Noel Allen's legal review. Mr. Parsons seconded. The motion was passed without opposition.

10. Report of the CPE Advisory Committee

CPE Advisory Committee Chair Lodden reported the CPE Task Force that was looking at the existing continuing professional education sponsor standards had held 10-12 in-person meetings over the last year as well as many conference calls. They reviewed the existing standards, frequently asked questions, interpretations, checklists used by the NASBA CPE Registry staff, additional comments and requirements. On March 3 they discussed those recommendations with a joint committee of AICPA and NASBA. A draft of the revisions to the CPE standards was presented at the March CPE Conference and received feedback from attendees at the breakout sessions, which were incorporated in the working draft during an April 4-5 meeting of the Advisory Committee. Then on April 25 that document was taken back to the joint committee. One area that remains unresolved is pilot testing, Mr. Lodden said, and that is being worked on. He expects an exposure draft will be ready for the Board's July meeting. The revised standards aim to go beyond current CPE programs and anticipate future course delivery methods, he reported. These standards include what had been covered in the Registry's Frequently Asked Questions.

11. Report of the Regulatory Response Committee

Committee Chair Isserman referred to the letters developed by the Regulatory Response Committee and included in the Board's agenda pack, a March 8 letter to the International Auditing and Assurance Standards Board and a March 8 letter to the AICPA Peer Review Program, which comment the AICPA had requested. In the comment to the IAASB, the issue of the independence of the practitioner was stressed as being critically important to the U.S.

Two issues are brewing, Mr. Isserman stated, the PEEC omnibus proposal, to which the Ethics Committee drafted a response, in which the AICPA is determining what confidential language is and is not, without suggesting to the reader that state laws may be more restrictive. Rather than classifying information as public or non-public, they create a third category "client information in the member's possession." The other issue is the ASB omnibus standard bringing Auditing Standard 50 under Section 625, which says nothing about the report being made by an independent accountant, Mr. Isserman explained. Mr. Hansen said he had told AICPA Ethics Division Director Lisa Snyder that PEEC would be petitioned to clarify independence

requirements under the proposed revisions to Section 625. Mr. Isserman criticized the AICPA's process for not having PEEC included in the ASB's development of this proposal.

12. Report on the FAF/AICPA/NASBA Blue Ribbon Panel

Mr. Atkinson, who had served as NASBA's representative on the FAF/AICPA/NASBA Panel on Standard Setting for Private Companies, said since the Panel had concluded its report and presented it to the Financial Accounting Foundation, the FAF had created a four-member working group to move forward at a managed pace with study of this issue. The American Accounting Association will present a panel on the BRP at their Annual Meeting in August to include Mr. Atkinson, FAF's Terri Polley and Dev Strevscik.

The AICPA is going to step up their promotion to establish another standard setting board, Mr. Atkinson said. At NASBA's Regional Meetings, Mr. Atkinson and AICPA Vice President Charles Landes will discuss the topic. When the FAF releases its proposed draft recommendation, then NASBA will ask the State Boards to respond to that release, Mr. Atkinson said.

It was agreed that input from the Boards should be gathered during the Regional Meetings' breakout sessions. President Costello suggested that a videotaped interview in which Mr. Atkinson would explain the minority position could be developed and distributed. This position is currently being inappropriately characterized by the AICPA as Mr. Atkinson's position, not NASBA's, President Costello observed.

13. Report of the Nominating Committee

Nominating Committee Chair Atkinson reported the Committee had selected Gaylen Hansen as their candidate for NASBA Vice Chair 2011-12, to accede to NASBA Chair 2012-13. They had considered three nominees, had them complete a questionnaire, and concluded they all were excellent. He congratulated them all.

14. Report of the Global Strategies Committee

Committee Chair Tish reported four subcommittees had been formed. Their most urgent assignment was to develop the NASBA International Forum, to be held in Vancouver, Canada, July 25-26. At the summit meeting between NASBA, AICPA and CICA to be held prior to the Forum in Vancouver, she anticipates the Texas foreign accountant issue will come up.

One of the subcommittees is to act as a support group for Mr. Hansen as international issues arise. They hope to be the thought leadership group that Mr. Hansen uses as a sounding board when needed, Ms. Tish explained.

Correspondence with the Chinese is continuing, with William Treacy heading the communications effort for the Committee.

Ms. Tish said the Committee hopes to work with NASBA's Communications group to develop "elevator conversations" to be used when dealing with internationals, to ensure a consistent set of messages is shared outside the U.S. In the short term, the Committee is trying to do tactical things, Ms. Tish explained. They are also considering what is keeping NASBA from achieving what it wants to in the international arena.

President Costello said a letter is being sent to the SEC requesting NASBA have a seat on the July 7 panel discussing the impact of IFRS.

15. Report of the Ethics and Strategic Professional Issues Committee

Committee Chair Hansen reported his committee is meeting monthly and has formed three subcommittees. They developed a letter about IFAC's document on what the public interest means. The Committee will hold a short session at the Regional Meetings to get people to respond as to what "the public interest" means to them. The March 24 letter developed by the Committee on this topic was included in the Board's agenda materials.

The Committee is tracking the European Commission's "Green Paper," but significant changes, like required audit firm rotation, are not expected to result from this effort.

Mr. Hansen said he had attended the quarterly PCAOB's Standing Advisory Committee meeting in March and the PCAOB has issued a research note on firms involved in Chinese reverse mergers. The work is being done primarily by Chinese firms with some involvement of U.S. firms. Unfortunately, there have been many instances of fraud by management, and he believes NASBA should be aware of this as an evolving area of concern for all regulators.

16. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Johnson reported conference calls were held in March and April to consider the comments received on the UAA Committee's exposure draft on CPA firm names. Former Committee Chair Tish had participated in those calls. As a result of requests received by NASBA leaders at the March Executive Directors' Conference, the comment period for the exposure draft has been extended until June 1. There will be a conference call of the NASBA/AICPA UAA Committee after June 1 to create a draft to be presented at the June Regional Meetings for discussion. Any additional changes will be made after the Regionals, with a final draft coming to the NASBA Board in July and to the AICPA in August. The proposal is moving slower than the UAA Committee would like, Mr. Johnson said.

The Committee's task force addressing the definition of "attest" has held a conference call and two members are drafting some suggested words. Hopefully this draft definition will also be brought to the NASBA Board in July, Mr. Johnson stated.

17. Report of the CPA Examination and Administration Committee

Committee Chair Davenport said the effectiveness of this committee is still evolving. A subgroup has been formed to meet with NASBA representatives of the Board of Examiners.

The Committee has decided that levels of degree of disciplinary action should be similar in all jurisdictions. There should be commonality. Mr. Davenport suggested this might be the basis of a Regional Directors' Focus Question.

The Committee plans to meet with NASBA staff to discuss the Committee's responsibilities relative to the international delivery of the examination.

18. Report of the Executive Directors Committee

Committee Chair Sweeney said it was very helpful for him to attend the Board of Directors' meetings. He reported that, at the March Executive Directors' Conference, the presentation from the State Board Relevance and Effectiveness Committee received particularly high marks. The report of the Executive Directors to NASBA leadership at that conference was accepted and action taken. Discussions about the Executive Directors Committee's structure and how the Committee can be more "plugged in" to NASBA are ongoing, Mr. Sweeney said. He commented that the executive directors want to "serve as foot soldiers" in promoting NASBA's initiatives.

19. Report of the Committee on Relations with Member Boards

Chair Odom reported the Committee had met on April 27 and reviewed the responses to the quarter's Focus Questions. It had become apparent that the Regional Directors need to help the State Boards recognize the responsibility they have as cited in Section 209 of the Sarbanes-Oxley Act. There was confusion among the responding Boards about the Act's use of the word "supervising" as a synonym for "regulating."

The Regional Directors had reviewed the tentative agenda for the June Regional Meetings and determined that discussion of the semi-independent board and the Uniform Accountancy Act Committee's exposure draft should be continued during the regional breakout sessions. The Committee had also reviewed the agenda for the New Board Member Orientation Sessions.

In discussing the revised standards being proposed by the CPE Advisory Committee, the Regional Directors touched on CPA education requirements permitting unlimited completion of on-line courses. Some states have limits on the number of on-line courses for completion of CPE requirements. There seems to be a disconnect and some of the states' statutes may need to be updated, Chair Odom observed. NASBA Chair Daggett commented that the Boards may have to look at those requirements.

Chair Odom said he had attended the Executive Directors' Conference as the Committee's representative and he encouraged the executive directors to work with their Regional Directors.

20. Report of the Bylaws Committee

Bylaws Committee Chair Smith reported the Committee had just started its work and probably would have no Bylaws changes recommended this year. She asked the Board of Directors to send her their suggestions on any changes in the Bylaws they may feel are needed.

21. Report of the NASBA/AICPA International Qualifications Appraisal Board

A meeting of IQAB was held on April 25-26 in New Orleans, Ms. Smith, an IQAB member, reported. A mutual recognition agreement with the Hong Kong Institute of CPAs has been developed, after over five years of negotiation, and will be brought to the AICPA and NASBA Boards of Directors for their approval at their summer meetings. IQAB Chair William Treacy would like to hold a signing ceremony for the agreement at NASBA's Annual Meeting.

After many years of discussion, the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants in Scotland have submitted applications for mutual recognition agreements. Ms. Smith is a member of the task force evaluating those applications. In turn, the ICAEW and ICAS have requested an application be submitted by IQAB to both bodies. NASBA and AICPA IQAB members and staff are completing that form.

The renewal of the MRA with Australia is being completed and an application from the Institute of Chartered Accountants in South Africa is anticipated, Ms. Smith reported.

While the substitution of the REG portion of the Uniform CPA Examination for IQEX had been recommended by IQAB and the Board of Examiners, it will not be inaugurated until November 2012. However, AICPA is only planning to offer this test during one month per year, although IQAB had recommended the change to permit more frequent testing opportunities. IQAB is waiting to hear back from the Board of Examiners as to why this limitation is necessary. Mr. Bishop commented that he thought this could be changed.

Other topics being discussed by IQAB, Ms. Smith reported, are: (1) whether mutual recognition agreements should only cover those with audit practice rights in their home countries; (2) the quality of distance learning leading up to non-U.S. certification, and (3) how best to coordinate efforts with other NASBA committees.

22. Report of the Committee on State Board Relevance and Effectiveness

Committee Chair Glover reported the Committee has three subcommittees and will meet on May 12 in Chicago. He explained the Committee will be focused on "EPA" - Education, Promotion and Assistance - of an autonomous board. They will work with the Communications Committee. Mr. Glover addressed the March Executive Directors' Conference and outlined objectives for the future and what the Committee can do to help the Boards achieve a semi-independence board. In May he will be addressing the CPA Society Executives Association (CPASEA) to discuss how the Boards can work with the Societies for a semi-independent Board. The lobbyists have to be the Society's. Former Committee Chair Carlos Johnson had visited the Iowa and Tennessee Boards to talk about the semi-independent board. Mr. Bishop said he had testified in Missouri. Mr. Glover said the Committee believes legislators do not understand what the State Accountancy Board does and, the more they learn about the Board, the less likely they are to believe it should be brought under an umbrella agency.

Mr. Glover said he would like to see a tri-fold document customized for each state going to every legislator to inform him or her of what the State Board is doing and to supply contact information. This would give the Boards another tool to go beyond depending on their Web site for informing the legislators. NASBA should launch a campaign that the State Boards of Accountancy are protectors of the public, he suggested. A good part of that effort will come through the Communications Committee, he stated.

Mr. Chickering cautioned that NASBA has to be careful not to be viewed as a lobbying organization. Mr. Bishop noted that in New Hampshire NASBA had been asked to come in and work with the state legislature but not reveal who asked NASBA to do that. He had been advised by counsel that NASBA should not go into a state when it is not seen as the State Board's representative.

23. Report of the Communications Committee

Committee Chair Chickering reported there will be a communications breakout session at the Regional Meetings. His committee is focusing on how Boards can communicate even though they have no budget money to do so. The Committee has been holding monthly conference calls. They are conducting an "in-reach" effort to NASBA's other committees and member boards. "Tell us what you need -- and we will make it happen," Mr. Chickering explained.

24. Report of the Enforcement Committee

Committee Chair Parsons reported, "The 'piling on' issue is dead." His Committee has tried to work with the Accountants Coalition, but have been told each of the firms wants to handle the issue on its own. This has been the direction of the responses the Committee has received over the past three years.

The certified regulatory investigator program is now being staffed by Linda Biek. Mr. Parsons believes this would be a fantastic program for every Board. The Committee is still following up on how to present its best practices manual.

It has been suggested that NASBA offer a national referral service. People need to know how to contact a State Board. Mr. Parsons said his group would like to set this up working with the Communications Committee and State Board Relevance and Effectiveness Committee.

25. Report of the Education Committee

Committee Chair Turner reported the Education Committee has three subcommittees. The Pathways Subcommittee has been keeping up with the AAA Pathways Commission, which last met in February. Dr. Turner has offered NASBA's database to store information collected by the Commission. The AAA Commission is closely following the recommendations of the U.S. Treasury Department's Advisory Committee on the Auditing Profession's (ACAP) final report. This includes encouraging more give and take between the profession and academia, Dr. Turner reported. The Education Committee is seeking to make more of the information gathered by NASBA accessible to researchers.

Nine good proposals were received in response to NASBA's research grant program. Three have been selected to receive funding quarterly over a one-year period, Dr. Turner explained. The award announcements are to go out on May 16, 2011.

The Federation of Schools of Accountancy has reached out to NASBA Vice Chair Mark Harris in hopes of establishing a stronger relationship. Vice Chair Harris said he may invite them to the NASBA Annual Meeting and they could invite him to attend their Annual Meeting.

Mr. Lodden commented that the University of Iowa's accounting professors have let their CPA licenses lapse and he believes it is important for students to see their professors call themselves CPAs. Ms. Smith agreed that professors serve as role models for students. Mr. Glover said it is important to ensure academics have real world experience. Ms. Smith reported that at one time there had been a requirement for a percentage of the accounting professors to be professionally qualified. She suggested the Boards consider offering a discounted license fee to educators.

26. Report of the Compliance Assurance Committee

In April the Compliance Assurance Committee received the first report from the AICPA's National Peer Review Committee, Committee Chair Gray reported. She has sent a link to that report to the Boards. The NASBA Committee conducted a survey and received 20 responses. They will hold a conference call in May and are planning a Meeting for State Board Peer Review Oversight Committees in August. Ms. Gray and AICPA's Jim Brackens made a presentation at the March Executive Directors' Conference on State Boards' peer review oversight. Some Boards claim they have such good relationships with their state society that they do not need an oversight committee, Ms. Gray reported. She will attend the open session of the AICPA's Peer Review Board's meeting. She credited previous years' Compliance Assurance Committees and their chairs for the increasing transparency of the Peer Review Program.

27. Report of the Audit Committee

Audit Committee Chair Burkett reported he had met with Chief Financial Officer Bryant on April 23 and the Committee will have its first face-to-face meeting in Nashville to review the audit. He had discussed with Mr. Bryant potential audit issues and some changes in the engagement letter.

28. Report on Accountancy Licensee Database

Rebecca Rodriguez is the new manager of the ALD and CPAVerify operations, Chair Daggett announced. It is expected that CPAVerify (the public version of ALD) will be available by July 1, 2011. Approximately 20 states have signed on to be part of CPAVerify, but Mr. Daggett said that over 30 are expected to be signed on soon.

Mr. Hansen praised the usefulness of the Accounting Licensing Library. He reported that in the last month there were a number of situations in his firm that raised the question of whether or not they needed to be licensed in different states. He was impressed that using ALL had saved his firm so much time, and he recommended that more be done to publicize ALL, perhaps in the

Journal of Accountancy. Mr. Bishop said NASBA is working with the AICPA on a tool that can be accessed on handheld devices to tell a licensee whether or not a license is required to go into another state. This is an important step to advance mobility, he commented. President Costello said marketing for this program is going on now.

29. Executive Session

The Board went into executive session.

30. Adjournment

The meeting was adjourned at 4:35 p.m.

D-NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

July 29, 2011 – Coeur d'Alene Resort, ID

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, July 29, 2011 at the Coeur d'Alene Resort in Coeur d'Alene, Idaho, the Board took the following actions:

- Approved the changes to Section 14(i) of the Uniform Accountancy Act and to Article 14 Unlawful Acts of the Model Rules as presented by the NASBA Uniform Accountancy Act Committee Chair Carlos Johnson (OK). [The changes to the Article 14(i) were approved on August 5 by the American Institute of CPAs' Board of Directors.]
- Approved the mutual recognition agreement developed by the NASBA/AICPA International Qualifications Appraisal Board with the Hong Kong Institute of Certified Public Accountants (HKICPA), as presented by IQAB member Kathleen Smith (NB). A formal signing ceremony with the representatives of the HKICPA, NASBA and AICPA is being planned for NASBA's Annual Meeting in October. [The AICPA Board approved the agreement on August 5, 2011.]
- Approved a 60-day exposure period for the Revisions to the Continuing Professional Education Standards recommended by the CPE Advisory Committee, as presented by Committee Chair Telford A. Lodden (IA). All interested parties are requested to comment on the revised standards for CPE sponsors.
- Approved the Awards Committee's recommendations as presented by NASBA Chair Michael Daggett (AZ): Sandra A. Suran (OR) will be the recipient of the 2011 William H. Van Rensselaer Public Service Award; Philip W. Gleason (MN) will be the recipient of the 2011 NASBA Distinguished Service Award; and Barbara R. Porter (ID) will be the recipient of the 2011 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2011 Annual Business Meeting in October.
- Accepted President David Costello's three-year business strategy plan for NASBA. The plan identifies the organization's six key business strategies as: (1) Position NASBA as the premier organization for examination leadership. (2) Provide superior regulatory support for State Boards of Accountancy. (3) Increase the knowledge and awareness of NASBA and State Boards throughout the U.S. and the world. (4) Achieve operational excellence throughout NASBA. (5) Sustain and increase NASBA's financial strength. (6) Position the NASBA Center for the Public Trust as the leading ethics resource for Boards of Accountancy, business and other institutions and organizations.
- Approved the FY 2011-2012 NASBA operating and capital budgets as presented by Administration and Finance Committee Chair Theodore Long (OH).
- Heard a report from Compliance Assurance Committee Chair Janice Gray (OK) on plans for the August 16, 2011 meeting on the State Boards' Peer Review Oversight Committees.

- Learned from Executive Vice President and Chief Operating Officer Ken Bishop that the administration of the Uniform CPA Examination outside the United States will begin on August 1, 2011, with over 2,000 candidates enrolled to take the examination at those locations.
- Received a report from Chair Daggett on the July 23, 2011 summit meeting of the NASBA, Canadian Institute of Chartered Accountants (CICA), Provincial Institutes and AICPA. Topics included speculation on the creation of a common designation for North American professionals.
- Heard a report from Examination Review Board Chair Wesley Johnson (MD) on the reconstituted ERB's providing a more robust, complete and transparent program. Sandy Wilson (AK) will become ERB Chair on August 1, 2011.
- Accepted the slate of NASBA 2011-2012 officers and directors selected by the Nominating Committee as presented by Nominating Committee Chair Billy Atkinson (TX). The election of officers and directors will be held at the Annual Business Meeting.
- Heard a report from Chair Daggett on the success of NASBA's Fourth Forum of International Accountancy Regulators, which was held July 25-26 in Vancouver, Canada, and co-sponsored by the Canadian Institute of Chartered Accountants. He congratulated Global Strategies Committee Chair Laurie J. Tish (WA) and her committee and staff for an outstanding conference.
- Learned from Chair Daggett that Raymond Johnson (OR) has been appointed to serve on the International Federation of Accountants' Consultative Advisory Group (CAG) to the International Educational Standards Board. The seat was previously held by Charles Calhoun (FL), who retired as chair of the CAG.
- Received a report from President Costello on the NASBA Center for the Public Trust's inauguration of a new membership program, "the Ethics Network," that will create a community which is focused on advancing and promoting business ethics.
- Heard from Executive Vice President Bishop that, with the AICPA, NASBA has launched an on-line tool (www.CPAmobility.org) to help CPAs navigate the new practice privilege requirements that allow CPAs to more easily practice across state lines.

The next meeting of the NASBA Board of Directors will be held on October 21, 2011 in Nashville, Tennessee.

Distribution:

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

REGIONAL DIRECTORS' FOCUS QUESTIONS

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by October 5, 2011. Use additional sheets for your responses if needed.

JURISDICTION _____ **DATE** _____
NAME OF PERSON SUBMITTING FORM _____

1. Are there any new communications efforts that your Board has implemented within the last year? Please explain. Will your Board be sending its representative to the Communications Officers' breakfast at the Annual Meeting?

2. Does your Board restrict the number of on-line classes acceptable for continuing professional education (i.e., can all CPE requirements be obtained via on-line courses)? Please explain.

3. Is your Board accepting on-line education at the baccalaureate or graduate levels as part of domestic or foreign education? Please explain what qualifications you have for such courses.

4. How is your Board addressing out-of-state CPA firms' mobility compliance? Provide examples.

5. The Texas Board has discovered non-U.S. accountants have signed the SEC's 10-K forms for companies based in Texas and brought this to the attention of the SEC. The Board has found non-U.S. accountants have signed these forms for companies in other states. How does your Board plan to respond to this should you be made aware that such violations are occurring in your state?

6. Are there any concerns that you would like NASBA to address?

7. 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):