

Meeting Agenda
SOUTH DAKOTA BOARD OF ACCOUNTANCY
 Conference Call
 Call in Number 1-844-833-2684 Access Code 0896622#
 October 23, 2018
 9:00 a.m. (CT)

A=Action
 D=Discussion
 I=Information

A. Call to Order.....	Budahl
B. Roll Call	Kasin
C. Public Comment.....	Oratory
D. A-CPA Request for Reconsideration for Reinstatement of License.....	2-4
E. A-Approval of Minutes of Meeting September 12, 2018.....	5-6
F. A-Approval of Certificates & Firm Permits.....	7-8
G. A-Approval of Financial Statements through September 2018.....	9-18
H. A-9:30 Rules Hearing.....	19-74
I. A-Report to Board on 2 nd Requests for CPE Extensions.....	75-77
J. D-Executive Director's Report.....	78

EXECUTIVE SESSION

K. Equivalent Review, South Dakota Review, Follow-Up, Complaint, and Initial CPA License Application for Board Approval.....	Spt. Pkt.
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FUTURE MEETING DATES (all times CT)

- L. Meeting Dates
December 5 – 9:00 Conference Call
- M. Adjournment

CPA Request for Reconsideration for Reinstatement of License

Nicole Kasin

In accordance with ARSD 20:75:03:06 the following letter is from Kevin Lehan requesting the board reconsider their decision on the denial of the request for reinstatement due to not being otherwise qualified from the September 12, 2018 board meeting.

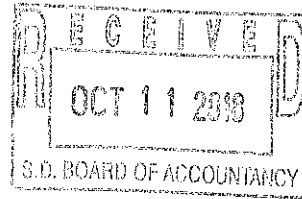
Mr. Lehan is requesting the reinstatement of his SD CPA certificate #1323

Mr. Lehan relinquished his certificate in January 2003.

The Board needs to review Mr. Lehan's request and render a decision.

October 11, 2018

Kevin J. Lehan
2927 E. Marson Drive, Apt A
Sioux Falls, SD 57103



South Dakota Board of Accountancy,

I'm replying to the Board in regards to the denial of my request to have my CPA Certificate (#1323) reinstated to an inactive status. The Board made this decision at their September 12, 2018 meeting in response to my letter of request and my application for inactive status submitted on September 6, 2018. I was informed by a letter dated September 14, 2018 that the Board's decision was due to my not being otherwise qualified.

First, I would like to apologize for the lack of depth and information in my original letter & request to the Board. In that regard, I would like to take this opportunity to provide more information and ask the Board to reconsider their earlier decision.

As I stated in my original request for reinstatement of my CPA certificate, I had relinquished it "in 2003 as I was no longer using my accounting education and background in my employment". I would like to clarify this statement with additional information that I hope the Board finds acceptable. I also want to make it clear that although I held a CPA certificate from February 1988 to January 2003, I never portrayed myself in anyway as a CPA to the public during that time period or any time since.

Following my graduation from the University of South Dakota in December 1987, I was employed as a staff accountant for five months in Colorado Springs with Deloitte Touche (at that time known as Deloitte Haskins & Sells). This time period, from January 1988 to May of 1988, provided me my first taste of a public accounting firm's "busy season". It was also during this time period that I received notification that I had passed the CPA exam which I took in November 1987.

I was then employed as a staff accountant with Henry Scholten & Co on two different occasions. These covered the time periods from August 1988 to December 1988 and September 1991 to May 1993, a total of 26 months. During my last stint with Henry Scholten & Co I performed as their computer network administrator as well as staff accountant. It was this experience with computers, networks and software applications that prompted me to switch my career path to focus more on the IT arena.

I would like to mention at this point that although my career focus changed I still had opportunities to use my accounting education and background to some extent as detailed below.

I held the position of Computer & Network Technician with Ideesign Computers from June 1993 to August 1996. My duties included learning Great Plains and Peachtree accounting applications in order to provide installation, training & support services for several clients. My background in accounting was valuable for this part of my job.

I then worked for the Good Samaritan Society from December 1996 to December 2017 as Technical Billing Analyst and Support Technician. The company created the Technical Billing Analyst position to take advantage of my background and skills in both accounting and network data services.

My duties included:

- Reviewing and approving dozens of vendors' invoices, payments and credits
- Verifying that the invoice billings were in accord with the provisions of vendors' contracts
- Assisting in negotiating vendor contracts and managing them after implementation

- Preparing the annual budget for the Network Data Services department (over \$3 million)
- Often providing ad hoc reports and financial data analysis for senior management
- Managing the company's participation in a national governmental program, which resulted in over \$1 million per year in government funding

Outside of these employment positions I also provided the following assistance on my own time:

- Five years of accounting and payroll services for my parent's S Corporation which included the operations of two grocery stores and the Canton, SD Dairy Queen. I also assisted the corporation's external accountant by providing the information needed to complete the annual tax returns.
- Five months of accounting assistance for The Banquet in Sioux Falls while they were without an employee to perform those duties.
- 24 months as temporary manager of the St Vincent De Paul Thrift Store during a transitional period from 2011 to 2013. In this capacity I provided accounting & payroll assistance in coordination with their external bookkeeper. I was able to secure over \$125,000 in funding from a trust that provided funds to non-profit organizations that served the needs of indigent South Dakota residents. I also provide financial data information to the store's public accountants for the preparation of tax returns and annual reviews of the financial statements.

Again, I would like to emphasize that I never portrayed myself as a CPA in any of these situations.

I left my position of 21 years with the Good Samaritan Society at the end of 2017 as I wanted to move my career back to a more purely accounting track. In this regard I have secured a position with a public accounting firm as an entry level staff accountant with a start date of October 22, 2018. Also, I completed a two day course on October 9 - 10 which provided me 15 CPE hours. I'm also scheduled to take a 16 hour course November 8 - 9 as well as an 8 hour course on December 7. This will give me 39 hours of CPE by the end of the first week of December.

I hope that the continued use of my accounting education & skills detailed above, my employment with a public accounting firm & my commitment to obtain sufficient CPE hours will persuade the Board to reconsider their decision on my request to have my CPA certificate reinstated.

I also want to state that the decision to return to my accounting roots on a full time basis was not made lightly and was the result of several months of discernment on the future direction of my career. I understand that if I'm allowed to have my certificate reinstated I will need to have several years of on-the-job training & learning as well as the required annual CPE courses to reestablish & sharpen my skills as an accountant. I believe that my position with a public accounting firm will provide the variety of work (audits, reviews, compilations, tax return preparation, bookkeeping & payroll services) that will help me advance rapidly in my career. Finally, I want to mention that I have no plans to present myself as a CPA to the public until such time in the future my career path, skills and employment would justify that.

In closing, I will make myself available during the next Board meeting on October 23, 2018 if you have any questions or need any further information from me.

Thanks again for your time and consideration in this matter.

Sincerely,



Kevin J. Lehan

Meeting Minutes
SOUTH DAKOTA BOARD OF ACCOUNTANCY
Conference Call
September 12, 2018 9:00 a.m. CDT

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

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

Others Present: Nicole Kasin, Executive Director, Julie Iverson, Sr. Secretary, Graham Oey, Staff Attorney, DLR, and Laura Coome, SD CPA Society.

Chair Budahl asked if there were any additions to the agenda. The following were added:
Addition to Certificates
Addition to Executive Director's Report

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

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

Jeff Strand made a motion to approve the August 15, 2018 meeting minutes with corrections. Jeff Smith seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

David Pummel made a motion to approve the issuance of individual certificates and firm permits through September 7, 2018. Jay Tolsma seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

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

Executive Director Kasin discussed her report with an update of the renewals for the year ending July 31, 2019 and updating the language for the definition of attest in 36-20B-2.

Jeff Strand made a motion to proceed with changes in the definition of attest in 36-20B-2 to the UAA version. Marty Guindon seconded the motion. A roll call was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

The board discussed a request for reinstatement of a relinquished CPA license.

Marty Guindon made a motion to deny the request for reinstatement of a relinquished CPA license due to the individual not being otherwise qualified; the individual indicated he has not been using his accounting education or skills since the license was relinquished. Jeff Strand seconded the motion. A roll call was taken. **MOTION PASSED.** (Tolsma -yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

Laura Coome left the meeting at 9:35.

David Pummel made a motion to enter into executive session for the deliberative process for peer reviews. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma -yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

The Board came out of executive session.

Jeff Strand made a motion to accept the peer reviews as discussed in executive session. David Pummel seconded the motion. A roll call vote was taken. **MOTION PASSED** (Tolsma -yea; Guindon -yea; Pummel-yea; Smith-yea; Strand-yea; Budahl-yea)

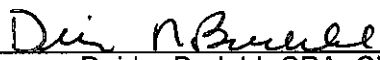
FUTURE MEETING DATES (all times CT)


October 23, 2018 9:00 a.m. conference call

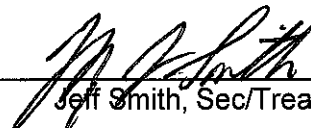
December 5, 2018 9:00 a.m. conference call

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

All business having come before the board was concluded and Chair Deidre Budahl adjourned the meeting at 9:40 a.m.


Deidre Budahl, CPA, Chair

Attest: 
Nicole Kasin, Executive Director


Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through October 17, 2018

Number	Name	Date Issued	Location
3397	Jaclyn Patricia Herbold	09/13/18	Dakota Dunes, SD
3398	Ciara Dai Wilcox	09/13/18	Dakota Dunes, SD
3399	Evan Reid Hegge	09/25/18	Sioux Falls, SD
3400	Bryce LeRoy Schelhaas	09/25/18	Sioux Falls, SD
3401	Tyler Ehren Holmquist	09/25/18	Sioux Falls, SD
3402	Megan Marie Arneson	10/02/18	Rapid City, SD
3403	Emily Lynn Morris	10/02/18	Rapid City, SD
3404	Erin Lynn Engelkes	10/15/18	Sioux Falls, SD
3405	Parker Scott Van Zee	10/17/18	Sioux Falls, SD
3406	Brandon Lee Griese	10/17/18	Sioux Falls, SD

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

**Issued Through
October 17, 2018**

Number	Name	Date Issued	Basis/Comments
1721	DeGeest, CPA, LLC Wessington, SD	10/02/18	New Firm
1722	Dan Foster, CPA Sioux Falls, SD	10/09/18	New Firm
1723	KirkpatrickPrice Inc Nashville, TN	10/15/18	New Firm

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	541,468.31	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			541,468.31	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			541,468.31	DR **	
BUDGET UNIT TOTAL 1031			541,468.31	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 09/30/2018

AGENCY	BUDGET UNIT	CENTER-5	10	1031	10310	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #,	OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR	
COMPANY NO	6503	PROFESSIONAL & LICENSING BOARDS																				
6503	103100061802	5101010	F-T EMP SAL & WAGES	CGEX180912		09/14/2018														2,587.73	DR	
6503	103100061802	5101020	P-T/TEMP EMP SAL & WAGES	CGEX180905		09/05/2018														1,154.79	DR	
6503	103100061802	5102010	EMPLOYEE SALARIES	CGEX180905		09/05/2018														3,742.52	DR	
6503	103100061802	5102010	CGEX180905			09/05/2018														.84	DR	
6503	103100061802	5102010	CGEX180912			09/14/2018														253.49	DR	
6503	103100061802	5102010	OAS-EMPLOYER'S SHARE	CGEX180912		09/14/2018														255.17	DR	
6503	103100061802	5102020	RETIREMENT-ER SHARE	CGEX180912		09/14/2018														224.57	DR	
6503	103100061802	5102060	HEALTH/LIFE INS.-ER SHARE	CGEX180912		09/14/2018														747.83	DR	
6503	103100061802	5102080	WORKER'S COMPENSATION	CGEX180912		09/14/2018														6.00	DR	
6503	103100061802	5102090	UNEMPLOYMENT COMPENSATION	CGEX180905		09/05/2018														1.26	DR	
6503	103100061802	5102090	EMPLOYEE BENEFITS			09/05/2018														1,234.83	DR	
6503	103100061802	5102090	PERSONAL SERVICES			09/05/2018														4,977.35	DR	
6503	103100061802	5203020	AUTO PRIV (IN-ST.) L/RTE	CGEX180905		09/05/2018														103.04	DR	
6503	103100061802	5203030	CGEX180905			09/05/2018														328.44	DR	
6503	103100061802	5203030	CGEX180905			09/05/2018														290.64	DR	
6503	103100061802	5203030	CGEX180905			09/05/2018														61.32	DR	
6503	103100061802	5203100	AUTO-PRIV (IN-ST.) H/RTE	CGEX180905		09/05/2018														680.40	DR	
6503	103100061802	5203100	CGEX180905			09/05/2018														79.00	DR	
6503	103100061802	5203100	CGEX180905			09/05/2018														79.00	DR	
6503	103100061802	5203100	CGEX180905			09/05/2018														79.00	DR	
6503	103100061802	5203120	LODGING/IN-STATE	CGEX180905		09/05/2018														237.00	DR	
6503	103100061802	5203120	CGEX180905			09/05/2018														5.00	DR	
6503	103100061802	5203140	INCIDENTALS-TRAVEL-IN ST.	CGEX180905		09/05/2018														10.00	DR	
6503	103100061802	5203140	CGEX180905			09/05/2018														11.00	DR	
6503	103100061802	5203140	CGEX180905			09/05/2018														11.00	DR	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 09/30/2018

AGENCY BUDGET CENTER	UNIT	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	1031000061802	52031500	OBJSUB:	5203140	TAXABLE MEALS/IN-STATE		09/05/2018	648186				22.00	DR *
6503	1031000061802	52031500	OBJSUB:	52031500	CGEX180905		09/05/2018	648187				58.00	DR
6503	1031000061802	52031500	OBJSUB:	52031500	CGEX180905		09/05/2018	648185				32.00	DR
6503	1031000061802	52031500	OBJSUB:	5203150	NON-TAXABLE MEALS/IN-ST							148.00	DR *
6503	1031000061802	52040200	OBJECT:	5203	TRAVEL		09/21/2018	00530264	NATLASSNST	12005047		1,200.44	DR **
6503	1031000061802	52040200	OBJSUB:	5204020	DUES & MEMBERSHIP FEES		09/30/2018	00532535	GLSOLUTION	12290765		3,200.00	DR *
6503	1031000061802	52041600	OBJSUB:	5204050	COMPUTER CONSULTANT		09/26/2018	00531014	NATLASSNST	12005047		869.90	DR *
6503	1031000061802	52041600	OBJSUB:	52041600	ORDER-09470		09/26/2018	00531014	NATLASSNST	12005047		695.00	DR
6503	1031000061802	52041600	OBJSUB:	52041600	ORDER-09471		09/26/2018	00531014	NATLASSNST	12005047		695.00	DR
6503	1031000061802	52041600	OBJSUB:	52041600	ORDER-09472		09/26/2018	00531014	NATLASSNST	12005047		695.00	DR
6503	1031000061802	52041600	OBJSUB:	52041600	ORDER-09474		09/26/2018	00531014	NATLASSNST	12005047		2,780.00	DR *
6503	1031000061802	52041800	OBJSUB:	5204180	COMPUTER SERVICES-STATE		09/19/2018	00528071	ABBUSINESS	12036980		99.30	DR *
6503	1031000061802	52042200	OBJSUB:	5204181	BIT DEVELOPMENT COSTS		09/12/2018	00528071	ABBUSINESS	12036980		35.50	DR *
6503	1031000061802	52042200	OBJSUB:	5204220	EQUIPMENT SERV & MAINT		09/07/2018	00527383	SUNSETOFFI	12043890		136.93	DR *
6503	1031000061802	52042300	OBJSUB:	5204230	JANITORIAL & MAINT SERV		09/26/2018	00531605	ELBOCOMPVT	12124520		340.60	DR *
6503	1031000061802	52043400	OBJSUB:	5204340	COMPUTER SOFTWARE MAINT		09/07/2018	00527567	MALFFINANC	12219369		603.00	DR *
6503	1031000061802	52044600	OBJSUB:	5204460	EQUIPMENT RENTAL		09/26/2018	668014	MCGINNISRO	12074040		1,380.75	DR *
6503	1031000061802	52045300	OBJSUB:	5204490	RENTS-PRIVATE OWNED PROP.		09/14/2018	00531116	MIDCONTINE	12023782		130.14	DR
6503	1031000061802	52045300	OBJSUB:	52045300	TL908150		09/26/2018	00008570	ATTMOBILLT	12279233		50.62	DR
6503	1031000061802	52045300	OBJSUB:	52045300	8381416X08242018		09/12/2018	00008570	ATTMOBILLT	12279233		435.76	DR *
6503	1031000061802	52045400	OBJSUB:	5204530	TELECOMMUNICATIONS SRVCS		09/07/2018	02262727	XCELENERGY	12023853		40.21	DR *
6503	1031000061802	52047400	OBJSUB:	5204540	ELECTRICITY		09/30/2018	197620T				777.48	DR *

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 09/30/2018

AGENCY	BUDGET UNIT	CENTER	10	1031	10310	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	1031000061802	5204740										CI109A-009	09/30/2018	197620T				777.48	DR
6503	1031000061802	5204740										CI109A-009	09/30/2018	197620T				777.48	CR
6503	1031000061802	5204960											09/12/2018	00527757	NATLASSNST	12005047		6,039.76	DR
6503	1031000061802	5204960											09/26/2018	00531014	NATLASSNST	12005047		6,083.60	DR
6503	1031000061802	5205320											09/12/2018	00528490	PREFERREDP	12308425		12,123.36	DR
6503	1031000061802	5205320											09/26/2018	00531746	PREFERREDP	12308425		22,882.82	DR
6503	1031000061802	5205320											09/12/2018	00528439	NEOPOSTUSA	12215409		10.35	DR
6503	1031000061802	5205320											09/26/2018	00531746	PREFERREDP	12308425		20.70	DR
6503	1031000061802	5205350											09/12/2018	00528439	NEOPOSTUSA	12215409		31.05	DR
6503	1031000061802	5205350											09/12/2018	00528439	NEOPOSTUSA	12215409		66.00	DR
6503	1031000061802	5228000											09/21/2018					97.05	DR
6503	1031000061802	5228000											09/21/2018					856.79	DR
6503	1031000061802	5228000											09/21/2018					856.79	DR
6503	1031000061802	5228000											09/21/2018					25,037.10	DR
6503	1031000061802	5228000											09/21/2018					30,014.45	DR
6503	1031000061802	5228000											09/21/2018					30,014.45	DR
6503	1031000061802	5228000											09/21/2018					30,014.45	DR

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

	Sep 30, 18
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	384.53
1140000 · Pool Cash State of SD	541,468.31
Total Checking/Savings	541,852.84
Other Current Assets	
1131000 · Interest Income Receivable	4,246.81
1213000 · Investment Income Receivable	1,522.99
Total Other Current Assets	5,769.80
Total Current Assets	547,622.64
Fixed Assets	
1670000 · Computer Software	
Original Cost	34,075.00
1770000 · Depreciation	-1,893.04
Total 1670000 · Computer Software	32,181.96
Total Fixed Assets	32,181.96
TOTAL ASSETS	579,804.60
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	555.88
Total Accounts Payable	555.88
Other Current Liabilities	
2430000 · Accrued Wages Payable	9,844.91
2810000 · Amounts Held for Others	35,246.34
Total Other Current Liabilities	45,091.25
Total Current Liabilities	45,647.13
Long Term Liabilities	
2960000 · Compensated Absences Payable	19,161.66
Total Long Term Liabilities	19,161.66
Total Liabilities	64,808.79
Equity	
3220000 · Net Position	285,643.06
3300100 · Invested In Capital Assets	32,181.96
3900 · Retained Earnings	56,268.31
Net Income	140,902.48
Total Equity	514,995.81
TOTAL LIABILITIES & EQUITY	579,804.60

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through September 2018

	Jul - Sep 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	700.00	2,500.00	-1,800.00	28.0%
4293551 · Certificate Renewals-Active	62,600.00	60,000.00	2,600.00	104.3%
4293552 · Certificate Renewals-Inactive	19,900.00	21,000.00	-1,100.00	94.8%
4293553 · Certificate Renewals-Retired	1,290.00	1,250.00	40.00	103.2%
4293554 · Initial Firm Permits	100.00	700.00	-600.00	14.3%
4293555 · Firm Permit Renewals	13,750.00	14,500.00	-750.00	94.8%
4293557 · Initial Audit	120.00	900.00	-780.00	13.3%
4293558 · Re-Exam Audit	510.00	2,460.00	-1,950.00	20.7%
4293561 · Late Fees-Certificate Renewals	2,250.00	3,000.00	-750.00	75.0%
4293563 · Late Fees-Firm Permit Renewals	750.00	500.00	250.00	150.0%
4293564 · Late Fees-Peer Review	450.00	1,300.00	-850.00	34.6%
4293566 · Firm Permit Owners	104,940.00	109,000.00	-4,060.00	96.3%
4293567 · Peer Review Admin Fee	450.00	5,500.00	-5,050.00	8.2%
4293568 · Firm Permit Name Change	0.00	100.00	-100.00	0.0%
4293569 · Initial FAR	330.00	1,140.00	-810.00	28.9%
4293570 · Initial REG	150.00	660.00	-510.00	22.7%
4293571 · Initial BEC	30.00	930.00	-900.00	3.2%
4293572 · Re-Exam FAR	510.00	1,860.00	-1,350.00	27.4%
4293573 · Re-Exam REG	690.00	2,310.00	-1,620.00	29.9%
4293574 · Re-Exam BEC	690.00	2,310.00	-1,620.00	29.9%
4491000 · Interest and Dividend Revenue	5,660.71	4,500.00	1,160.71	125.8%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	215,870.71	237,420.00	-21,549.29	90.9%
Gross Profit	215,870.71	237,420.00	-21,549.29	90.9%
Expense				
5101010 · F-T Emp Sal & Wages	15,607.21	82,258.00	-66,650.79	19.0%
5101020 · P-T/Temp Emp Sal & Wages	8,380.61	43,000.00	-34,619.39	19.5%
5101030 · Board & Comm Mbrs Fees	1,320.00	4,739.00	-3,419.00	27.9%
5102010 · OASI-Employer's Share	1,740.60	9,582.00	-7,841.40	18.2%
5102020 · Retirement-ER Share	1,439.36	7,515.00	-6,075.64	19.2%
5102060 · Health /Life Ins.-ER Share	4,496.71	8,470.00	-3,973.29	53.1%
5102080 · Worker's Compensation	38.40	213.00	-174.60	18.0%
5102090 · Unemployment Insurance	8.15	125.00	-116.85	6.5%
5203010 · Auto--State Owned	61.59	400.00	-338.41	15.4%
5203020 · Auto-Private-Ownes Low Mileage	103.04	400.00	-296.96	25.8%
5203030 · In State-Auto- Priv. High Miles	782.04	1,500.00	-717.96	52.1%
5203100 · In State-Lodging	237.00	1,000.00	-763.00	23.7%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	22.00	100.00	-78.00	22.0%
5203150 · InState-Non-Tax Meals OverNight	148.00	400.00	-252.00	37.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	2,015.20	6,500.00	-4,484.80	31.0%
5203280 · OS-Other Public Carrier	785.27	700.00	85.27	112.2%
5203300 · OS-Lodging	1,760.92	9,000.00	-7,239.08	19.6%
5203320 · OS-Incidentals to Travel	339.00	500.00	-161.00	67.8%
5203350 · OS-Non-Taxable Meals Overnight	229.00	1,000.00	-771.00	22.9%
5204010 · Subscriptions	0.00	1,000.00	-1,000.00	0.0%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,300.00	-7,300.00	0.0%
5204050 · Consultant Fees - Computer	13,174.90	15,000.00	-1,825.10	87.8%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	2,780.00	6,500.00	-3,720.00	42.8%
5204180 · Computer Services-State	198.60	5,000.00	-4,801.40	4.0%
5204181 · Computer Development Serv-State	35.50	2,000.00	-1,964.50	1.8%
5204200 · Central Services	1,388.36	9,000.00	-7,611.64	15.4%
5204220 · Equipment Service & Maintenance	5.50	300.00	-294.50	1.8%
5204230 · Janitorial/Maintenance Services	410.79	1,650.00	-1,239.21	24.9%
5204340 · Computer Software Maintenance	405.60	2,000.00	-1,594.40	20.3%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%

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

	<u>Jul - Sep 18</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5204460 · Equipment Rental	716.60	4,000.00	-3,283.40	17.9%
5204490 · Rents Privately Owned Property	3,919.65	16,235.10	-12,315.45	24.1%
5204510 · Rent-Other	0.00	500.00	-500.00	0.0%
5204530 · Telecommunications Services	1,296.89	4,500.00	-3,203.31	28.8%
5204540 · Electricity	199.26	865.00	-665.74	23.0%
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	3,994.75	6,500.00	-2,505.25	61.5%
5204960 · Other Contractual Services	86.50	0.00	86.50	100.0%
5205020 · Office Supplies	66.00	24,000.00	-23,934.00	0.3%
5205310 · Printing State	0.00	250.00	-250.00	0.0%
5205320 · Printing/Duplicating/Binding Co	89.70	1,000.00	-910.30	9.0%
5205330 · Supplemental Publications	486.25	700.00	-213.75	69.5%
5205350 · Postage	0.00	2,000.00	-2,000.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	2,020.61	6,000.00	-3,979.39	33.7%
5228030 · Depreciation Expense	946.52			
Total Expense	74,968.23	308,052.10	-233,083.87	24.3%
Net Ordinary Income	140,902.48	-70,632.10	211,534.58	-199.5%
Net Income	140,902.48	-70,632.10	211,534.58	-199.5%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
September 2018

	<u>Sep 18</u>	<u>Sep 17</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	200.00	550.00	-350.00	-63.6%
4293551 · Certificate Renewals-Active	650.00	550.00	100.00	18.2%
4293552 · Certificate Renewals-Inactive	100.00	350.00	-250.00	-71.4%
4293553 · Certificate Renewals-Retired	0.00	40.00	-40.00	-100.0%
4293554 · Initial Firm Permits	0.00	50.00	-50.00	-100.0%
4293555 · Firm Permit Renewals	150.00	100.00	50.00	50.0%
4293557 · Initial Audit	30.00	90.00	-60.00	-66.7%
4293558 · Re-Exam Audit	180.00	210.00	-30.00	-14.3%
4293560 · Late Fees-Initial Certificate	0.00	50.00	-50.00	-100.0%
4293561 · Late Fees-Certificate Renewals	250.00	650.00	-400.00	-61.5%
4293563 · Late Fees-Firm Permit Renewals	150.00	50.00	100.00	200.0%
4293564 · Late Fees-Peer Review	0.00	50.00	-50.00	-100.0%
4293566 · Firm Permit Owners	195.00	260.00	-65.00	-25.0%
4293567 · Peer Review Admin Fee	0.00	75.00	-75.00	-100.0%
4293568 · Firm Permit Name Change	0.00	25.00	-25.00	-100.0%
4293569 · Initial FAR	60.00	240.00	-180.00	-75.0%
4293570 · Initial REG	0.00	120.00	-120.00	-100.0%
4293571 · Initial BEC	0.00	180.00	-180.00	-100.0%
4293572 · Re-Exam FAR	210.00	180.00	30.00	16.7%
4293573 · Re-Exam REG	180.00	390.00	-210.00	-53.9%
4293574 · Re-Exam BEC	120.00	180.00	-60.00	-33.3%
Total Income	<u>2,475.00</u>	<u>4,390.00</u>	<u>-1,915.00</u>	<u>-43.6%</u>
Gross Profit	2,475.00	4,390.00	-1,915.00	-43.6%
Expense				
5101010 · F-T Emp Sal & Wages	2,587.73	7,934.71	-5,346.98	-67.4%
5101020 · P-T/Temp Emp Sal & Wages	1,154.79	2,918.87	-1,764.08	-60.4%
5101030 · Board & Comm Mbrs Fees	0.00	660.00	-660.00	-100.0%
5102010 · OASI-Employer's Share	255.17	779.51	-524.34	-67.3%
5102020 · Retirement-ER Share	224.57	651.21	-426.64	-65.5%
5102060 · Health /Life Ins.-ER Share	747.83	2,276.84	-1,529.01	-67.2%
5102080 · Worker's Compensation	6.00	18.45	-12.45	-67.5%
5102090 · Unemployment Insurance	1.26	4.88	-3.62	-74.2%
5203260 · OS-Air Commercial Carrier	0.00	149.61	-149.61	-100.0%
5204040 · Consultant Fees-Accounting	0.00	7,200.00	-7,200.00	-100.0%
5204160 · Workshop Registration Fees	2,780.00	3,475.00	-695.00	-20.0%
5204180 · Computer Services-State	0.00	106.05	-106.05	-100.0%
5204200 · Central Services	0.00	225.09	-225.09	-100.0%
5204220 · Equipment Service & Maintenance	3.23	4.24	-1.01	-23.8%
5204230 · Janitorial/Maintenance Services	136.93	134.25	2.68	2.0%
5204340 · Computer Software Maintenance	405.60	0.00	405.60	100.0%
5204460 · Equipment Rental	56.80	71.00	-14.20	-20.0%
5204490 · Rents Privately Owned Property	1,380.75	1,269.45	111.30	8.8%
5204530 · Telecommunications Services	305.62	349.23	-43.61	-12.5%
5204540 · Electricity	81.25	43.01	38.24	88.9%
5204740 · Bank Fees and Charges	777.48	918.09	-140.61	-15.3%
5204960 · Other Contractual Services	0.00	39.70	-39.70	-100.0%
5205320 · Printing/Duplicating/Binding Co	20.70	13.80	6.90	50.0%
5205330 · Supplemental Publications	486.25	0.00	486.25	100.0%
5228000 · Operating Transfers Out-NonBudg	856.79	504.77	352.02	69.7%
Total Expense	<u>12,268.75</u>	<u>29,747.76</u>	<u>-17,479.01</u>	<u>-58.8%</u>
Net Ordinary Income	<u>-9,793.75</u>	<u>-25,357.76</u>	<u>15,564.01</u>	<u>61.4%</u>
Net Income	<u><u>-9,793.75</u></u>	<u><u>-25,357.76</u></u>	<u><u>15,564.01</u></u>	<u><u>61.4%</u></u>

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

	Jul - Sep 18	Jul - Sep 17	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	700.00	725.00	-25.00	-3.5%
4293551 · Certificate Renewals-Active	62,600.00	65,450.00	-2,850.00	-4.4%
4293552 · Certificate Renewals-Inactive	19,900.00	19,950.00	-50.00	-0.3%
4293553 · Certificate Renewals-Retired	1,290.00	1,280.00	10.00	0.8%
4293554 · Initial Firm Permits	100.00	200.00	-100.00	-50.0%
4293555 · Firm Permit Renewals	13,750.00	14,650.00	-900.00	-6.1%
4293557 · Initial Audit	120.00	180.00	-60.00	-33.3%
4293558 · Re-Exam Audit	510.00	600.00	-90.00	-15.0%
4293560 · Late Fees-Initial Certificate	0.00	50.00	-50.00	-100.0%
4293561 · Late Fees-Certificate Renewals	2,250.00	2,450.00	-200.00	-8.2%
4293563 · Late Fees-Firm Permit Renewals	750.00	400.00	350.00	87.5%
4293564 · Late Fees-Peer Review	450.00	450.00	0.00	0.0%
4293566 · Firm Permit Owners	104,940.00	113,700.00	-8,760.00	-7.7%
4293567 · Peer Review Admin Fee	450.00	675.00	-225.00	-33.3%
4293568 · Firm Permit Name Change	0.00	75.00	-75.00	-100.0%
4293569 · Initial FAR	330.00	420.00	-90.00	-21.4%
4293570 · Initial REG	150.00	240.00	-90.00	-37.5%
4293571 · Initial BEC	30.00	240.00	-210.00	-87.5%
4293572 · Re-Exam FAR	510.00	570.00	-60.00	-10.5%
4293573 · Re-Exam REG	690.00	660.00	30.00	4.6%
4293574 · Re-Exam BEC	690.00	300.00	390.00	130.0%
4491000 · Interest and Dividend Revenue	5,660.71	5,470.45	190.26	3.5%
Total Income	215,870.71	228,735.45	-12,864.74	-5.6%
Gross Profit	215,870.71	228,735.45	-12,864.74	-5.6%
Expense				
5101010 · F-T Emp Sal & Wages	15,607.21	18,015.53	-2,408.32	-13.4%
5101020 · P-T/Temp Emp Sal & Wages	8,380.61	7,038.29	1,342.32	19.1%
5101030 · Board & Comm Mbrs Fees	1,320.00	1,620.00	-300.00	-18.5%
5102010 · OASI-Employer's Share	1,740.60	1,802.58	-61.98	-3.4%
5102020 · Retirement-ER Share	1,439.36	1,503.23	-63.87	-4.3%
5102060 · Health /Life Ins.-ER Share	4,496.71	5,273.84	-777.13	-14.7%
5102080 · Worker's Compensation	38.40	42.60	-4.20	-9.9%
5102090 · Unemployment Insurance	8.15	11.25	-3.10	-27.6%
5203010 · Auto--State Owned	61.59	0.00	61.59	100.0%
5203020 · Auto-Private-Ownes Low Mileage	103.04	103.04	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	782.04	672.00	110.04	16.4%
5203100 · In State-Lodging	237.00	163.00	74.00	45.4%
5203120 · In State-Incidentals to Travel	10.00	10.00	0.00	0.0%
5203140 · InState-Tax Meals Not OverNigt	22.00	11.00	11.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	148.00	111.00	37.00	33.3%
5203260 · OS-Air Commercial Carrier	2,015.20	149.61	1,865.59	1,247.0%
5203280 · OS-Other Public Carrier	785.27	0.00	785.27	100.0%
5203300 · OS-Lodging	1,760.92	0.00	1,760.92	100.0%
5203320 · OS-Incidentals to Travel	339.00	0.00	339.00	100.0%
5203350 · OS-Non-Taxable Meals Overnight	229.00	0.00	229.00	100.0%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,200.00	-7,200.00	-100.0%
5204050 · Consultant Fees - Computer	13,174.90	0.00	13,174.90	100.0%
5204160 · Workshop Registration Fees	2,780.00	2,780.00	0.00	0.0%
5204180 · Computer Services-State	198.60	318.15	-119.55	-37.6%
5204181 · Computer Development Serv-State	35.50	1,269.60	-1,234.10	-97.2%
5204200 · Central Services	1,388.36	1,731.35	-342.99	-19.8%
5204220 · Equipment Service & Maintenance	5.50	8.56	-3.06	-35.8%
5204230 · Janitorial/Maintenance Services	410.79	402.75	8.04	2.0%
5204340 · Computer Software Maintenance	405.60	0.00	405.60	100.0%
5204460 · Equipment Rental	716.60	816.00	-99.40	-12.2%
5204490 · Rents Privately Owned Property	3,919.65	3,808.35	111.30	2.9%
5204530 · Telecommunications Services	1,296.69	1,184.69	112.00	9.5%
5204540 · Electricity	199.26	136.84	62.42	45.6%
5204560 · Water	22.35	32.35	-10.00	-30.9%
5204740 · Bank Fees and Charges	3,994.75	4,072.80	-78.05	-1.9%
5204960 · Other Contractual Services	86.50	39.70	46.80	117.9%

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

	<u>Jul - Sep 18</u>	<u>Jul - Sep 17</u>	<u>\$ Change</u>	<u>% Change</u>
5205020 · Office Supplies	66.00	412.54	-346.54	-84.0%
5205320 · Printing/Duplicating/Binding Co	89.70	20.70	69.00	333.3%
5205330 · Supplemental Publications	486.25	0.00	486.25	100.0%
5228000 · Operating Transfers Out-NonBudg	2,020.61	1,529.47	491.14	32.1%
5228030 · Depreciation Expense	946.52	0.00	946.52	100.0%
Total Expense	<u>74,968.23</u>	<u>65,490.82</u>	<u>9,477.41</u>	<u>14.5%</u>
Net Ordinary Income	<u>140,902.48</u>	<u>163,244.63</u>	<u>-22,342.15</u>	<u>-13.7%</u>
Net Income	<u><u>140,902.48</u></u>	<u><u>163,244.63</u></u>	<u><u>-22,342.15</u></u>	<u><u>-13.7%</u></u>

20:75:01:07. Discretion to waive certain requirements. Upon good cause shown by the applicant or licensee, the board may waive any application or administrative fees or any deadlines set in this article. For the purpose of this section, good cause includes any personal emergency, act of God, administrative error made by the board or the board of another state, military deployment, or substantial compliance with SDCL chapter 36-20B or article 20:75.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(16)(17).

Law Implemented: SDCL 36-20B-12.

CHAPTER 20:75:04

CONTINUING PROFESSIONAL EDUCATION

Section

- 20:75:04:00 Definitions.
- 20:75:04:01 Standards for continuing professional education program measurement.
- 20:75:04:02 General continuing professional education program criteria.
- 20:75:04:03 Continuing professional education group program criteria.
- 20:75:04:04 Acceptable continuing professional education group programs.
- 20:75:04:05 Non-group continuing professional education program criteria.
- 20:75:04:06 Restriction on continuing professional education credits for college employees.
- 20:75:04:07 Initial active certificate holders.
- 20:75:04:08 Returning active certificate holders.
- 20:75:04:09 Limitation on continuing professional education credits.
- 20:75:04:10 Extension for completion of continuing professional education.

- 20:75:04:11 Review of continuing professional education credits.
- 20:75:04:12 Continuing professional education requirement for nonresident certificate holder.
- 20:75:04:13 (Effective through June 30, 2019) Criteria for independent study. (Effective July 1, 2019) Repealed.
- 20:75:04:14 Documentation required by CPA or PA.
- 20:75:04:15 Documentation for continuing professional education credit.
- 20:75:04:16 Standards for continuing professional education group program sponsors.
- 20:75:04:17 (Effective through June 30, 2019) Standards for continuing professional education program sponsors of independent-study learning activities. (Effective July 1, 2019) Repealed.
- 20:75:04:18 (Effective through June 30, 2019) Standards for continuing professional education program sponsors of self-study programs. (Effective July 1, 2019) Repealed.
- 20:75:04:19 Evaluating learning activity quality.
- 20:75:04:20 Standards for continuing professional education program reporting.
- 20:75:04:21 Continuing professional education program sponsors retention of adequate documentation.
- 20:75:04:22 (Effective through June 30, 2019) Continuing professional education program developer's criteria for retention of pilot test records. (Effective July 1, 2019) Repealed.

20:75:04:00. (Effective through June 30, 2019) Definitions. Terms used in this chapter mean:

(1) "Advanced," learning activity level that describes programs 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;

(2) "Basic," learning activity level that describes the program level most beneficial to a CPA or PA new to a skill or 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;

(3) "Continuing professional education" or "CPE," an integral part of the lifelong learning required of a CPA or PA to provide competent service to the public. The set of activities that enables a CPA or PA to maintain and improve their professional competence;

(4) "CPE credit," fifty minutes of participation in a learning activity. A one-half CPE credit increment, equal to 25 minutes, is permitted after the first credit has been earned in a given learning activity;

(5) "CPE program sponsor," an individual or organization responsible for setting a learning objective, facilitating the delivery of a program of study that meets the requirements of this chapter and that achieves the stated learning objective, and maintains the documentation required by board standards as outlined in chapter 20:75:04. The term, CPE program sponsor, may include associations of accounting professionals, as well as employers who offer in-house programs;

(6) "CPE program developer," an individual or organization responsible for the development of a course of study designed to meet a proscribed learning objective;

(7) "Evaluative feedback," specific response to incorrect answers to questions in self-study programs explaining why that specific answer is wrong. Unique feedback must be provided for each incorrect response, as each one is likely to be wrong for different reasons;

(8) "Group 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 setting, conference setting, or by using the internet;

(9) "Independent study," educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor;

(10) "Informal continuing professional education," continuing professional education offered by an organization not in the business of providing continuing professional education, which contributes to, increases, or maintains competency levels of CPAs and PAs;

(11) "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, independent study programs, or other innovative programs;

(12) "Intermediate," learning activity level that builds on a basic program most appropriate for a CPA or PA with detailed knowledge in an area. Such individuals are often at the mid-level within the organization, with operational and/or supervisory responsibilities;

(13) "Internet-based programs," a learning activity through a group program or self-study program that is designed to permit a participant to learn the given subject matter via the internet;

(14) "Learning activity," an educational endeavor that maintains or increases professional competence;

(15) "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, that specifies the nature of the independent program and the time frame over which it is to be completed, specifies that the output must be in the form of a written report to be reviewed by the CPE program sponsor or qualified person selected by the CPE program sponsor and outlines the maximum CPE credit to be awarded for the independent study program, limiting credit to actual time spent;

(16) "Learning objectives," specifications on what participants should accomplish in a learning activity. Learning objectives must be useful to program developers in deciding appropriate instructional methods and allocating time to various subjects;

(17) "Learning plans," structured processes that assist a CPA or PA in guiding their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. This may be reviewed regularly and modified as a CPA's and PA's professional competence needs change. Plans include:

(a) A self-assessment of the gap between current and needed knowledge, skills, and abilities;

(b) A set of learning objectives arising from this assessment; and

(c) Learning activities to be undertaken to fulfill the learning plan;

(18) "Non-group," programs include self-study programs, independent study programs, service as an instructor, lecturer, or discussion leader, or publishing of articles, books, or continuing professional education programs;

(19) "Overview," learning activity level that provides a general review of subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels;

(20) "Personal development," a field of study that covers such skills as communication, managing the group process, dealing effectively with others, interviewing, counseling, and career planning;

(21) "Pilot test," sampling of at least three independent individuals representative of the intended participants to measure the representative completion time to determine the recommended CPE credit for self-study programs;

(22) "Principal place of business," as defined in SDCL 36-20B-1;

(23) "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;

(24) "Program of learning," a collection of learning activities that are designed and intended as continuing professional education that comply with the standards;

(25) "Reinforcement feedback," specific responses to correct answers to questions in self-study programs. Such feedback restates why the answer selected was correct;

(26) "Self-study program," an educational process designed to permit a participant to learn a given subject without major involvement of an instructor. Self-study programs use a pilot test or word count formula;

(27) "University or college," shall mean an accredited institution as described in § 20:75:02:12;

(28) "Update," a 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;

(29) "Word count formula," a method used to determine the recommended continuing professional education 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.

(Effective July 1, 2019) Definitions. Terms used in this chapter mean:

(1) "Advanced," learning activity level that describes programs 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;

(2) "Basic," learning activity level that describes the program level most beneficial to a CPA or PA new to a skill or 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;

(3) "Blended learning program," an educational program incorporating multiple learning formats;

~~(3)~~ (4) "Continuing professional education" or "CPE," an integral part of the lifelong learning required of a CPA or PA to provide competent service to the public. The set of activities that enables a CPA or PA to maintain and improve their professional competence;

~~(4)~~ (5) "CPE credit," fifty minutes of participation in a learning activity. A one-half CPE credit increment, ~~equal to~~ equals 25 minutes, ~~is permitted after the first credit has been earned in a given learning activity~~ a one-fifth CPE credit increment equals 10 minutes;

~~(5)~~ (6) "CPE program sponsor," an individual or organization responsible for setting a learning objective, facilitating the delivery of a program of study that meets the requirements of this chapter and that achieves the stated learning objective, and maintains the documentation required by board standards as outlined in chapter 20:75:04. The term, CPE program sponsor, may include associations of accounting professionals, as well as employers who offer in-house programs;

~~(6)~~ (7) "CPE program developer," an individual or organization responsible for the development of a course of study designed to meet a proscribed learning objective;

~~(7)~~ (8) "Evaluative feedback," specific response to incorrect answers to questions in self-study programs explaining why that specific answer is wrong. Unique feedback must be provided for each incorrect response, as each one is likely to be wrong for different reasons;

~~(8)~~ (9) "Group 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 setting, conference setting, or by using the internet;

~~(9)~~ (10) "Independent study," educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor;

~~(10)~~ (11) "Informal continuing professional education," continuing professional education offered by an organization not in the business of providing continuing professional education, which contributes to, increases, or maintains competency levels of CPAs and PAs;

~~(11)~~ (12) "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, independent study programs, or other innovative programs;

~~(12)~~ (13) "Intermediate," learning activity level that builds on a basic program most appropriate for a CPA or PA with detailed knowledge in an area. Such individuals are often at the mid-level within the organization, with operational and/or supervisory responsibilities;

~~(13)~~ (14) "Internet-based programs," a learning activity through a group program or self-study program that is designed to permit a participant to learn the given subject matter via the internet;

~~(14)~~ (15) "Learning activity," an educational endeavor that maintains or increases professional competence;

~~(15)~~ (16) "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, that specifies the nature of the independent program and the time frame over which it is to be completed, specifies that the output must be in the form of a written report to be reviewed by the CPE program sponsor or qualified person selected by the CPE program sponsor and outlines the maximum CPE credit to be awarded for the independent study program, limiting credit to actual time spent;

(16) (17) "Learning objectives," ~~specifications on what~~ measurable outcomes that participants should accomplish in a learning activity. Learning objectives must be useful to program developers in deciding appropriate instructional methods and allocating time to various subjects;

(17) (18) "Learning plans," structured processes that assist a CPA or PA in guiding their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. This may be reviewed regularly and modified as a CPA's and PA's professional competence needs change. Plans include:

(a) A self-assessment of the gap between current and needed knowledge, skills, and abilities;

(b) A set of learning objectives arising from this assessment; and

(c) Learning activities to be undertaken to fulfill the learning plan;

(19) "Nano learning program," a tutorial program designed to permit a participant to learn a given subject in one-fifth CPE credit increments through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real-time instructor. A nano learning program differs from a self-study program in that it is typically focused on a single learning objective and is not paper-based. A nano learning program is not a group program. Nano learning is not a substitute for comprehensive programs addressing complex issues.

(18) (20) "Non-group," programs include self-study programs, independent study programs, nano learning program, service as an instructor, lecturer, or discussion leader, or publishing of articles, books, or continuing professional education programs

(19) (21) "Overview," learning activity level that provides a general review of subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels;

~~(20)~~ (22) "Personal development," a field of study that covers such skills as communication, managing the group process, dealing effectively with others, interviewing, counseling, and career planning;

~~(21)~~ (23) "Pilot test," sampling of at least three independent individuals representative of the intended participants to measure the representative completion time to determine the recommended CPE credit for self-study programs;

~~(22)~~ (24) "Principal place of business," as defined in SDCL 36-20B-1;

~~(23)~~ (25) "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;

~~(24)~~ (26) "Program of learning," a collection of learning activities that are designed and intended as continuing professional education that comply with the standards;

~~(25)~~ (27) "Reinforcement feedback," specific responses to correct answers to questions in self-study programs. Such feedback restates why the answer selected was correct;

~~(26)~~ (28) "Self-study program," an educational process designed to permit a participant to learn a given subject without major involvement of an instructor. Self-study programs use a pilot test or word count formula;

~~(27)~~ (29) "University or college," shall mean an accredited institution as described in § 20:75:02:12;

~~(28)~~ (30) "Update," a 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;

~~(29)~~ (31) "Word count formula," a method used to determine the recommended continuing professional education 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.

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005; 35 SDR 305, effective July 1, 2009; 39 SDR 33, effective September 5, 2012; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-27.

20:75:04:01. (Effective through June 30, 2019) Standards for continuing professional education program measurement. The following standards are used to measure the hours of continuing professional education credit:

(1) Fifty minutes of participation in a group program, independent study, or self-study program equals one hour of continuing professional education credit. For learning activities in which individual segments are less than 50 minutes, the sum of the segments should be considered one total program;

(2) A one-half continuing professional education credit increment, equal to 25 minutes, is permitted after the first credit has been earned in a given learning activity;

(3) Informal CPE credit is limited to those portions of committee or staff meetings that are designed as programs of learning and comply with these standards to qualify for CPE credit. The amount of credit awarded shall be the time actually spent meeting and measuring a specific learning objective;

(4) Accredited university or college courses count as 15 hours for each semester hour and 10 hours for each quarter hour;

(5) Non-credit university or college courses shall be awarded credit only for the actual classroom time spent in the non-credit course. Credit is not granted to participants for preparation time;

(6) Instructors or discussion leaders of learning activities may receive credit for both preparation and presentation time provided the activities maintain or increase their professional competence and qualify as credit for participants. Instructors may receive up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit may be claimed only if it can be demonstrated that the learning activity was substantially changed and such change required significant additional study or research;

(7) The board may grant credit for the writing of published articles, books, or CPE programs to include credit for research and writing time provided the board determines the activity maintains or improves professional competence. The article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication. Not more than half the three-year continuing professional education credit required may be gained through publications;

(8) Self-study CPE credits must be based on a pilot test of the representative completion time. A sample of intended professional participants should be selected to test program materials in an environment and manner similar to that in which the program is to be presented. CPE credits should be recommended based on the representative completion time for the sample. To provide satisfactory completion of the course, a self-study program must require participants to successfully complete a final examination with a minimum passing grade of 70 percent before issuing CPE credit for the course;

(9) Self-study 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 the information material that are not critical and therefore excluded from the word count are: course introduction, instructions to the learner, author and course developer biographies, table of

contents, glossary, and appendices containing supplementary reference materials. Review questions, exercises, and final examination questions are considered separately in the calculation and should not be in the word count. 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 and video duration time, if any, are then added together and the result divided by 50 to calculate CPE for the self study program.

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

(10) Independent study CPE credits recommended by a CPE program sponsor or developer may not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

(Effective July 1, 2019) Standards for continuing professional education program measurement. The following standards are used to measure the hours of continuing professional education credit:

(1) ~~Fifty minutes of participation in a group program, independent study, or self study program equals one hour of continuing professional education credit~~ each approved CPE course, program, or activity is equal to one CPE credit. For learning activities in which individual segments are less than 50 minutes, the sum of the segments should be considered one total program;

(2) ~~A one half continuing professional education credit increment, equal to 25 minutes, is permitted after the first credit has been earned in a given learning activity~~ Blended learning activities programs in which individual segments are less than 50 minutes, the sum of the segments should be considered one total program, with credit granted based on the sum of the various completed components of the program;

(3) Group programs, independent study and blended learning programs, a minimum of one CPE credit must be earned initially, but after the first CPE credit has been earned, credits may be earned in a one-fifth or one-half increments.

(4) Self-study, a minimum of one-half CPE credit must be earned initially, but after the first one-half CPE credit has been earned, credits may be earned in a one-fifth or one-half increments.

(5) Nano learning, the CPE credit to be earned for a single nano learning program is one-fifth CPE credit.

~~(3)~~ (6) Informal CPE credit is limited to those portions of committee or staff meetings that are designed as programs of learning and comply with these standards this section to qualify for CPE credit. The amount of credit awarded shall be the time actually spent meeting and measuring a specific learning objective;

~~(4)~~ (7) Accredited university or college courses count as 15 hours for each semester hour and 10 hours for each quarter hour;

~~(5)~~ (8) Non-credit university or college courses shall be awarded credit only for the actual classroom time spent in the non-credit course. Credit is not granted to participants for preparation time;

~~(6)~~ (9) Instructors or discussion leaders of learning activities may receive credit for both preparation and presentation time provided the activities maintain or increase their professional competence and qualify as credit for participants. Instructors may receive up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit may be claimed only if it can be demonstrated that the learning activity was substantially changed and such change required significant additional study or research;

~~(7)~~ (10) The board may grant credit for the writing of published articles, books, or CPE programs to include credit for research and writing time provided the board determines the activity

maintains or improves professional competence. The article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication. Not more than half the three-year continuing professional education credit required may be gained through publications;

(8) (11) Self-study CPE credits must be based on a pilot test of the representative completion time. A sample of intended professional participants should be selected to test program materials in an environment and manner similar to that in which the program is to be presented. CPE credits should be recommended based on the representative completion time for the sample. To provide satisfactory completion of the course, a self-study program must require participants to successfully complete a final examination with a minimum passing grade of 70 percent before issuing CPE credit for the course;

(9) (12) Self-study 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 the information material that are not critical and therefore excluded from the word count are: course introduction, instructions to the learner, author and course developer biographies, table of contents, glossary, and appendices containing supplementary reference materials. Review questions, exercises, and final examination questions are considered separately in the calculation and should not be in the word count. 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 and video duration time, if any, are then added together and the result divided by 50 to calculate CPE for the self study program.

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

(10) (13) Independent study CPE credits recommended by a CPE program sponsor or developer may not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

Source: 29 SDR 16, effective August 14, 2002; 31 SDR 97, adopted December 17, 2004, effective July 1, 2005; 35 SDR 305, effective July 1, 2009; 39 SDR 33, effective September 5, 2012; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-27.

20:75:04:05. (Effective through June 30, 2019) Non-group continuing professional education program criteria. The non-group programs which qualify as acceptable continuing professional education programs if they meet the requirements of § 20:75:04:02 include the following:

(1) **Independent-study programs** should be designed to permit a participant to learn a given subject, one-on-one, under the guidance of a CPE program sponsor. Participants in an independent study program must:

(a) Enter into a written learning contract with a CPE program sponsor who must comply with the rules governing CPE sponsors in this chapter;

(b) 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;

(c) Meet the documentation requirements of § 20:75:04:13;

(d) Meet the sponsorship standards of § 20:75:04:17 and §§ 20:75:04:19 to 20:75:04:21, inclusive;

(2) **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. Credit will not be granted in excess of the amount determined to be given for each course through the program pilot testing or word count formula. Participants in self-study programs must:

(a) Meet the documentation requirements of § 20:75:04:14; and

(b) Meet the sponsorship standards of §§ 20:75:04:18 to 20:75:04:21, inclusive;

(3) **Service as an instructor, lecturer, or discussion leader.** Credit is not given for repeated presentations of the same program;

(4) **Published articles, books, or continuing professional education programs.** A CPA or PA may be given credit for research and writing time upon determination by the board that the CPA's and PA's competency has been maintained or increased as a result of the activity.

(Effective July 1, 2019) Non-group continuing professional education program criteria.

The non-group programs which qualify as acceptable continuing professional education programs if they meet the requirements of § 20:75:04:02 include the following:

(1) **Independent-study programs** ~~should~~ must be designed to permit a participant to learn a given subject, one-on-one, under the guidance of a CPE program sponsor. Participants in an independent study program must:

~~(a) Enter into a written learning contract with a CPE program sponsor who must comply with the rules governing CPE sponsors in this chapter;~~

~~(b) 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;~~

~~(e) (a) Meet the documentation requirements of § 20:75:04:13~~ 20:75:04:15;

~~(d) Meet the sponsorship standards of § 20:75:04:17 and §§ 20:75:04:19 to 20:75:04:21,~~
inclusive;

(b) the program sponsor must be approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service.

(2) **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. Credit will not be granted in excess of the amount determined to be given for each course through the program pilot testing or word count formula. Participants in self-study programs must:

(a) Meet the documentation requirements of § 20:75:04:14 20:75:04:15; and

~~(b) Meet the sponsorship standards of §§ 20:75:04:18 to 20:75:04:21, inclusive;~~

(b) the program sponsor must be approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service.

(3) **Service as an instructor, lecturer, or discussion leader.** Credit is not given for repeated presentations of the same program;

(4) **Published articles, books, or continuing professional education programs.** A CPA or PA may be given credit for research and writing time upon determination by the board that the CPA's and PA's competency has been maintained or increased as a result of the activity.

(5) **Nano program learning.** A tutorial program designed to permit a participant to learn a given subject in one-fifth CPE credit increments through the use of electronic media and without interaction with a real-time instructor.

(a) Meet the documentation requirements of § 20:75:04:15;

(b) the program sponsor must be approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service.

Source: 29 SDR 16, effective August 14, 2002; 31 SDR 97, adopted December 17, 2004, effective July 1, 2005; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-27.

20:75:04:13. (Effective through June 30, 2019) Criteria for independent study. A CPA or PA may engage in independent study under the direction of a continuing education program sponsor that has met the applicable standards for continuing education program sponsors. The subject matter and level of study must maintain or improve the CPA's or PA's competence. Participants in an independent study program must complete the following requirements:

(1) Submit a proposal, including the inputs and outcomes desired, to a willing and able continuing educational program sponsor who must comply with the applicable standards for continuing education program sponsors;

(2) Accept the recommendation of the continuing education program sponsor as to the number of credits to be earned upon completion of the proposed learning activities;

(3) Sign a learning contract with the continuing education program sponsor that outlines the participant's expected inputs and outcomes and the number of credits to be recommended by the sponsor at the conclusion of the program;

(4) Retain the required documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study pursuant to § 20:75:04:14; and

(5) Complete the program of independent study in 15 weeks or less.

~~(Effective July 1, 2019) Criteria for independent study. A CPA or PA may engage in independent study under the direction of a continuing education program sponsor that has met the applicable standards for continuing education program sponsors. The subject matter and level of study must maintain or improve the CPA's or PA's competence. Participants in an independent study program must complete the following requirements:~~

~~— (1) Submit a proposal, including the inputs and outcomes desired, to a willing and able continuing educational program sponsor who must comply with the applicable standards for continuing education program sponsors;~~

~~— (2) Accept the recommendation of the continuing education program sponsor as to the number of credits to be earned upon completion of the proposed learning activities;~~

~~— (3) Sign a learning contract with the continuing education program sponsor that outlines the participant's expected inputs and outcomes and the number of credits to be recommended by the sponsor at the conclusion of the program;~~

~~— (4) Retain the required documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study pursuant to § 20:75:04:14; and~~

~~— (5) Complete the program of independent study in 15 weeks or less. Repealed.~~

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005.

~~— **General Authority:** SDCL 36-20B-12(3).~~

~~— **Law Implemented:** SDCL 36-20B-27.~~

20:75:04:15. (Effective through June 30, 2019) Documentation for continuing professional education credit. A CPA or PA must document the credit claimed with the following acceptable evidence of completion:

(1) For group and independent study programs, a certificate or other verification supplied by the CPE program sponsor;

(2) For self-study programs using a pilot test, a certificate supplied by the CPE program sponsor after satisfactory completion of an examination;

(3) For self-study programs using the word count formula, a certificate of completion from the National Association of State Boards of Accountancy National Registry Quality Assurance Service self study provider after satisfactory completion of the course;

(4) For instruction credit, a certificate, program outline, or other verification supplied by the CPE program sponsor;

(5) For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received;

(6) For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college;

(7) For published articles, books, or CPE programs:

(a) A copy of the publication, or in the case of a CPE program, course development documentation, that names the writer as author or contributor;

(b) A statement from the writer supporting the number of CPE hours claimed; and

(c) The name and contact information of the independent reviewer or publisher.

(Effective July 1, 2019) Documentation for continuing professional education credit. A CPA or PA must document the credit claimed with the following acceptable evidence of completion:

(1) For group ~~and independent study programs~~, a certificate or other verification supplied by the CPE program sponsor;

(2) For self-study programs using a pilot test, a certificate ~~supplied by the CPE program sponsor~~ of completion from the CPE sponsor that has been approved by NASBA's national registry of CPE sponsors or NASBA's quality assurance service after satisfactory completion of an examination;

(3) For self-study programs using the word count formula, a certificate of completion from the ~~National Association of State Boards of Accountancy National Registry Quality Assurance Service self-study provider~~ CPE sponsor that has been approved by NASBA's national registry of CPE sponsors or NASBA's quality assurance service after satisfactory completion of the course;

(4) For instruction credit, a certificate, program outline, or other verification supplied by the CPE program sponsor;

(5) For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received;

(6) For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college;

(7) For published articles, books, or CPE programs:

(a) A copy of the publication, or in the case of a CPE program, course development documentation, that names the writer as author or contributor;

(b) A statement from the writer supporting the number of CPE hours claimed; and

(c) The name and contact information of the independent reviewer or publisher.

(8) For independent study programs a certificate of completion from the CPE sponsor that has been approved by NASBA's national registry of CPE sponsors or NASBA's quality assurance service after satisfactory completion of the course;

(9) For nano learning program a certificate of completion from the CPE sponsor that has been approved by NASBA's national registry of CPE sponsors or NASBA's quality assurance service after satisfactory completion of the course.

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-27

20:75:04:17. (Effective through June 30, 2019) Standards for continuing professional education program sponsors of independent-study learning activities. Continuing education

program sponsors of independent study learning activities must have expertise in the specific subject area related to the independent study. The program sponsor must fulfill the following criteria:

(1) 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;

(2) Review and sign the written report developed by the participant in independent study; and

(3) Retain the necessary documentation to satisfy the board as to the content, inputs, and outcomes of the independent study pursuant to § 20:75:04:21.

(Effective July 1, 2019) Standards for continuing professional education program sponsors of independent-study learning activities. ~~Continuing education program sponsors of independent study learning activities must have expertise in the specific subject area related to the independent study. The program sponsor must fulfill the following criteria:~~

~~——(1) 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;~~

~~——(2) Review and sign the written report developed by the participant in independent study; and~~

~~——(3) Retain the necessary documentation to satisfy the board as to the content, inputs, and outcomes of the independent study pursuant to § 20:75:04:21. Repealed.~~

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005.

~~——**General Authority:** SDCL 36-20B-12(3).~~

~~——**Law Implemented:** SDCL 36-20B-27.~~

~~——**Cross Reference:** Definitions, § 20:75:04:00.~~

20:75:04:18. (Effective through June 30, 2019) Standards for continuing professional education program sponsors of self-study programs. Self-study program sponsors 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. To guide participants through a learning process, CPE program sponsors of self-study programs must elicit participant responses to test for understanding of the materials, offer evaluative feedback to incorrect responses, and provide reinforcement feedback to correct responses.

For pilot testing 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. If objective type questions are used, at least five questions per CPE credit must be included on the final examination. For example, the final examination for a five-credit course must include at least 25 questions.

For word count formula to provide evidence of satisfactory completion of the course, National Association of State Boards of Accountancy National Registry Quality Assurance Service self study providers must use the word count formula which 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 the information material that are not critical and therefore excluded from the word count are: course introduction, instructions to the learner, author and course developer biographies, table of contents, glossary, and appendices containing supplementary reference materials. Review questions, exercises, and final examination questions are considered separately

in the calculation and should not be in the word count. 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 and video duration time, if any, are then added together and the result divided by 50 to calculate CPE for the self study program.

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

CPE program sponsors of self-study must provide any CPA or PA participating in self-study courses with the following information in advance of the program:

- (1) Learning objectives;
- (2) Prerequisites, if any;
- (3) Program level;
- (4) Program content;
- (5) Advance preparation, if any;
- (6) Instructional delivery methods;
- (7) Recommended credit hours; and
- (8) Course registration requirements.

Program sponsors may disclose the significant features of the program in advance through the use of brochures, internet notices, invitations, direct mail, or announcements. The program sponsor's registration policies and procedures should be formalized, published, and made available to participants.

(Effective July 1, 2019) Standards for continuing professional education program sponsors of self-study programs. ~~Self-study program sponsors 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. To guide~~

participants through a learning process, CPE program sponsors of self-study programs must elicit participant responses to test for understanding of the materials, offer evaluative feedback to incorrect responses, and provide reinforcement feedback to correct responses.

—— For pilot testing 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. If objective-type questions are used, at least five questions per CPE credit must be included on the final examination. For example, the final examination for a five-credit course must include at least 25 questions.

—— For word count formula to provide evidence of satisfactory completion of the course, National Association of State Boards of Accountancy National Registry Quality Assurance Service self-study providers must use the word count formula which 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 the information material that are not critical and therefore excluded from the word count are: course introduction, instructions to the learner, author and course developer biographies, table of contents, glossary, and appendices containing supplementary reference materials. Review questions, exercises, and final examination questions are considered separately in the calculation and should not be in the word count. 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 and video duration time, if any, are then added together and the result divided by 50 to calculate CPE for the self-study program.

~~[(# of words/180) + actual audio and video duration time + (# of questions * 1.85)]/50 = CPE credit;~~

~~— CPE program sponsors of self study must provide any CPA or PA participating in self study courses with the following information in advance of the program:~~

- ~~— (1) Learning objectives;~~
- ~~— (2) Prerequisites, if any;~~
- ~~— (3) Program level;~~
- ~~— (4) Program content;~~
- ~~— (5) Advance preparation, if any;~~
- ~~— (6) Instructional delivery methods;~~
- ~~— (7) Recommended credit hours; and~~
- ~~— (8) Course registration requirements.~~

~~— Program sponsors may disclose the significant features of the program in advance through the use of brochures, internet notices, invitations, direct mail, or announcements. The program sponsor's registration policies and procedures should be formalized, published, and made available to participants. Repealed.~~

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005; 41 SDR 111, effective January 19, 2015.

~~— **General Authority:** SDCL 36-20B-12(3).~~

~~— **Law Implemented:** SDCL 36-20B-27.~~

~~— **Cross Reference:** Definitions, § 20:75:04:00.~~

20:75:04:22. (Effective through June 30, 2019) Continuing professional education program developer's criteria for retention of pilot test records. For a program developer of self-study programs, appropriate pilot test records must be retained as follows:

- (1) When the pilot was conducted;
- (2) The target participant population;
- (3) How the sample was determined;
- (4) Names and profiles of sample participants; and
- (5) A summary of participants' actual completion time.

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-27.

Cross Reference: Definitions, § 20:75:04:00.

(Effective July 1, 2019) Continuing professional education program developer's criteria for retention of pilot test records. ~~For a program developer of self-study programs, appropriate pilot test records must be retained as follows:~~

- ~~(1) When the pilot was conducted;~~
- ~~(2) The target participant population;~~
- ~~(3) How the sample was determined;~~
- ~~(4) Names and profiles of sample participants; and~~
- ~~(5) A summary of participants' actual completion time. Repealed.~~

Source: 31 SDR 97, adopted December 17, 2004, effective July 1, 2005.

~~**General Authority:** SDCL 36-20B-12(3).~~

~~**Law Implemented:** SDCL 36-20B-27.~~

~~**Cross Reference:** Definitions, § 20:75:04:00.~~

20:75:05:01. Independence. A licensee shall comply with Section ET 1.200 of the American Institute of Certified Public Accountants (AICPA), and additionally comply with the

independence rules of the United States Securities and Exchange Commission (SEC), United States Department of Labor (DOL), Public Company Accounting Oversight Board (PCAOB) and United States Government Accountability Office (GAO) applicable to the licensees' engagement.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-12(4).

References: **AICPA Professional Standards, Volume 2, ET Section 1.200**, as of ~~December 15, 2014~~ June 1, 2018, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036. Cost: Annual Online Subscription, Member \$135-\$159/Non-Member \$168.75-\$199. ~~The ET Section is available at no cost on their website at:~~

~~<http://www.aicpa.org/Research/Standards/CodeofConduct/DownloadableDocuments/2014December15ContentAsof2014Sept24CodeofConduct.pdf>~~

Government Auditing Standards, by the United States Government Accountability Office (GAO) December 2011 Revision. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their website at www.gao.gov/yellowbook. Cost: first document free, each additional copy \$2.

United States Department of Labor (DOL): ~~<http://law.justia.com/us/cfr/title29/29-1.3.1.1.0.16.7.html>~~ <https://www.gpo.gov/fdsys/pkg/CFR-2016-title29-vol9/pdf/CFR-2016-title29-vol9-sec2509-75-9.pdf>

Public Company Accounting Oversight Board (PCAOB):

http://pcaobus.org/Rules/PCAOBRules/Pages/Section_3.aspx.

United States Securities and Exchange Commission (SEC):

<http://www.sec.gov/rules/final/33-8183.htm>.

20:75:05:05. Auditing, accounting, and review standards. A licensee may not permit the licensee's name to be associated with a report on financial statements as defined by SDCL 36-20B-3 unless the licensee complied with generally accepted auditing standards or accounting and review standards as applicable. Generally accepted auditing standards and accounting and review standards are the standards set forth in the **AICPA Professional Standards, Volume 1, AU Sections 100 through 901, as of ~~September 2014~~ June 1, 2018; AICPA Professional Standards, Volume 2, AR Sections 20 through 9600, as of ~~September 2014~~ June 1, 2018; AICPA Professional Standards, Volume 1, AT Sections 20 through 801, as of ~~September 2014~~ June 1, 2018; and AICPA Professional Standards, Volume 2, ET Sections 0.300 through 3.400, as of ~~December 15, 2014~~ June 1, 2018**; by the American Institute of Certified Public Accountants. **Government Auditing Standards by the United States Government Accountability Office, December 2011 Revision.** Licensees must justify departures from these standards.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

References: AICPA Professional Standards, Volume 1, AU Sections 100 through 901, as of ~~September 2014~~ June 1, 2018; **AICPA Professional Standards, Volume 2**, AR Sections 20 through 9600, as of ~~September 2014~~ June 1, 2018; **AICPA Professional Standards, Volume 1**, AT Sections 20 through 801, as of ~~September 2014~~ June 1, 2018; and **AICPA Professional Standards, Volume 2**, ET Sections 0.300 through 3.400, as of ~~December 15, 2014~~ June 1, 2018, by the American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 220 Leigh Farm Road, Durham, NC 27707. Cost: **AICPA Professional Standards**, Annual Online Subscription. Member \$135 ~~\$159~~/Non-Member \$168.75 ~~\$199~~. ~~The ET Section is available at no cost on their website at:~~

<http://www.aicpa.org/Research/Standards/CodeofConduct/DownloadableDocuments/2014December15ContentAsof2014Sept24CodeofConduct.pdf>

Government Auditing Standards by the United States Government Accountability Office, December 2011 Revision. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their website at www.gao.gov/yellowbook. Cost: **Government Auditing Standards**, first document free, each additional copy \$2.

20:75:05:07. Professional standards and conduct. A licensee shall comply with professional ethical standards and conduct. Professional standards and conduct are those established and set forth in the **AICPA Professional Standards, Volume 2, ET Section** as of ~~December 15, 2014~~ June 1, 2018, by the American Institute of Certified Public Accountants.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305,

effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: AICPA Professional Standards, Volume 2, as of ~~December 15, 2014~~ June 1, 2018, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 220 Leigh Farm Road, Durham, NC 27707. Cost: Members ~~\$135~~ \$159/Non-Members ~~\$168.75~~ \$199. ~~The ET Section is available at no cost on their website at:~~

~~<http://www.aicpa.org/Research/Standards/CodeofConduct/DownloadableDocuments/2014December15ContentAsOf2014Sept24CodeofConduct.pdf>~~

20:75:05:08. Interpretations. In the interpretation and application of this chapter, the board shall consider interpretations of similar rules issued by the American Institute of Certified Public Accountants.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: AICPA Professional Standards, Volume 2, as of ~~December 15, 2014~~ June 1, 2018, American Institute of Certified Public Accountants, 220 Leigh Farm Road, Durham, NC 27707. Cost: Members ~~\$135~~ \$159/Non-Members ~~\$168.75~~ \$199.

20:75:05:17. Records retention. A licensee shall comply with the record retention rules of the American Institute of Certified Public Accountants (AICPA), United States Government Accountability Office (GAO), United States Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB), and United States Department of Labor (DOL) as applicable to the engagement.

Source: 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-12(4).

References: **AICPA Professional Standards, Volume 2, ET Section 1.200**, as of ~~December 15, 2014~~ June 1, 2018, by the American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, 220 Leigh Farm Road, Durham, NC 27707. Cost: Annual Online Subscription, Member ~~\$135~~ \$159/Non-Member ~~\$168.75~~ \$199. ~~The ET Section is available at no cost on their website at:~~

<http://www.aicpa.org/Research/Standards/CodeofConduct/DownloadableDocuments/2014December15ContentAsof2014Sept24CodeofConduct.pdf>

Government Auditing Standards, by the United States Government Accountability Office, December 2011 Revision. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their web site at

www.gao.gov/yellowbook. Cost: **Government Auditing Standards**, first document free, each additional copy \$2.

United States Securities and Exchange Commission (SEC):

<http://www.sec.gov/rules/final/33-8180.htm>.

Public Company Accounting Oversight Board (PCAOB):

http://pcaobus.org/Standards/Auditing/Pages/Auditing_Standard_3_Appendix_A.aspx.

United States Department of Labor (DOL): [http://law.justia.com/us/cfr/title29/29-](http://law.justia.com/us/cfr/title29/29-9-1-5-13-1.html)

[9-1-5-13-1.html](http://www.gpo.gov/fdsys/pkg/CFR-2016-title29-vol9/pdf/CFR-2016-title29-vol9-sec2509-75-9.pdf)<https://www.gpo.gov/fdsys/pkg/CFR-2016-title29-vol9/pdf/CFR-2016-title29-vol9-sec2509-75-9.pdf>

CHAPTER 20:75:07

PEER REVIEW

Section

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- 20:75:07:11 Report -- Findings for further consideration.
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- 20:75:07:13 (Effective through December 31, 2019) Reviewer's submissions to board -- South Dakota reviews. (Effective January 1, 2020) Repealed.
- 20:75:07:14 (Effective through December 31, 2019) Firm's submissions to board -- South Dakota reviews. (Effective January 1, 2020) Repealed.
- 20:75:07:15 Board's review of reports.
- 20:75:07:16 Confidentiality of reports.
- 20:75:07:17 Procedure in case of pass with deficiency or fail report.
- 20:75:07:18 Procedure in case of pass report.

20:75:07:01. (Effective through December 31, 2019) Definitions. Terms used in this chapter mean:

(1) "Accounting and auditing practice," all engagements covered by "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE) for Financial Forecasts and Projections (AICPA, Professional Standards, vol. 1, AT sec. 301 and 801), attest services on financial information when the firm audits, reviews, or compiles the historical financial statements of the client, and standards for financial and compliance audits contained in **Government Auditing Standards** ("Yellow Book") December 2011 Revision, issued by the U. S. General Accounting Office;

(2) "Engagement review," a review required of a firm that only performs services under "Statements for Accounting and Review Services" or "Statements on Standards for Attestation Engagements" not included in system reviews;

(3) "Equivalent review," a peer review conducted by the American Institute of Certified Public Accountants, a state licensing board, or an accounting association or society in accordance with the review standards in §§ 20:75:07:09 to 20:75:07:15, inclusive;

(4) "Pass report," a report issued as the result of a peer review that describes no significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

(5) "Pass with deficiency or fail report," a pass with deficiency or fail report issued as the result of a peer review that describes significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

(6) "Professional standards," professional standards in §§ 20:75:05:05 and 20:75:05:06;

(7) "Quality control system," the five elements of quality control described in "Statement on Quality Control Standards (SQCS)," No. 2, vol. 2, QC Section 20, and "Statements on Quality Control Standards," published in **AICPA Professional Standards, Volume 2**, as of ~~December 15, 2014~~ June 1, 2018;

(8) "Report review," a review required of a firm that only performs compilation engagements under "Statements for Accounting and Review Services" where the firm has compiled financial statements that omit substantially all disclosures;

(9) "South Dakota review," a peer review conducted under the South Dakota Board of Accountancy program in accordance with this chapter;

(10) "System review," a review required of a firm that performs engagements under the "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE), or "Government Auditing Standards" (GAS), or performs examinations of prospective financial statements under "Statements on Standards for Attestation Engagements";

(11) "Year of review," the calendar year during which a peer review is to be conducted; in the case of an equivalent review, the fiscal or calendar year during which a peer review is to be conducted;

(12) "Year under review," the calendar year prior to the year of review; in the case of an equivalent review, the fiscal or calendar year prior to the year of review.

(Effective January 1, 2020) Definitions. Terms used in this chapter mean:

(1) "Accounting and auditing practice," all engagements covered by "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE) for Financial Forecasts and Projections (AICPA, Professional Standards, vol. 1, AT sec. 301 and 801), attest services on financial information when the firm audits, reviews, or compiles the historical financial statements of the client, and standards for financial and compliance audits contained in **Government Auditing Standards** ("Yellow Book") December 2011 Revision, issued by the U. S. General Accounting Office;

(2) "Engagement review," a review required of a firm that only performs services under "Statements for Accounting and Review Services" or "Statements on Standards for Attestation Engagements" not included in system reviews;

(3) "Equivalent review," a peer review conducted by the American Institute of Certified Public Accountants, a state licensing board, or an accounting association or society in accordance with the review standards in §§ 20:75:07:09 to 20:75:07:15, inclusive;

(4) "Pass report," a report issued as the result of a peer review that describes no significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

(5) "Pass with deficiency or fail report," a pass with deficiency or fail report issued as the result of a peer review that describes significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

(6) "Professional standards," professional standards in §§ 20:75:05:05 and 20:75:05:06;

(7) "Quality control system," the five elements of quality control described in "Statement on Quality Control Standards (SQCS)," No. 2, vol. 2, QC Section 20, and "Statements on Quality Control Standards," published in **AICPA Professional Standards, Volume 2**, as of ~~December 15, 2014~~ June 1, 2018;

(8) "Report review," a review required of a firm that only performs compilation engagements under "Statements for Accounting and Review Services" where the firm has compiled financial statements that omit substantially all disclosures;

~~(9) "South Dakota review," a peer review conducted under the South Dakota Board of Accountancy program in accordance with this chapter;~~

~~(10)~~ (9) "System review," a review required of a firm that performs engagements under the "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE), or "Government Auditing Standards" (GAS), or performs examinations of prospective financial statements under "Statements on Standards for Attestation Engagements";

~~(11)~~ (10) "Year of review," the calendar year during which a peer review is to be conducted; in the case of an equivalent review, the fiscal or calendar year during which a peer review is to be conducted;

~~(12)~~ (11) "Year under review," the calendar year prior to the year of review; in the case of an equivalent review, the fiscal or calendar year prior to the year of review.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

References: **Government Auditing Standards**, December 2011 Revision. United States Government Accountability Office. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, DC 20548, or their website at www.gao.gov/yellowbook. Cost: **Government Auditing Standards**, December 2011 Revision, first copy free, each additional copy \$2;

AICPA Professional Standards, Volume 2, as of ~~December 15, 2014~~ June 1, 2018, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from American Institute of Certified Public Accountants, 220 Leigh Farm Road, Durham, NC 27707. Cost: Member \$135 \$159/Non-Member ~~\$168.75~~ \$199.

Cross-Reference: Conduct of review -- Requirements, § 20:75:07:09.

20:75:07:02. (Effective through December 31, 2019) Requirement for review -- Fee -- Areas to be reviewed. A licensed firm, as a condition to renewal of its firm permit pursuant to SDCL chapter 36-20B, must undergo a peer review in accordance with this chapter once every three years unless prior approval is granted by the board for special circumstances. Special circumstances include a requirement by another reviewing body which would cause a firm's review to be outside the three year cycle.

The board may waive or adjust the peer review requirements for a firm that has entered into a consent agreement as a result of a pass with deficiency or fail report.

The administrative fee for a peer review is \$75. For firms having reviews conducted under the South Dakota program, the administrative fee must be accompanied by a Notice of Selection of Reviewer form and be received by the board at the board's office by January 15 of the year of review or must be postmarked by January 15. For firms applying under the equivalent review

provision in § 20:75:07:05, the administrative fee must be accompanied by a Request for Acceptance of Equivalent Review form and received by the board at the board's office by June 1 or postmarked by June 1. If the Notice of Selection of Reviewer or Request for Acceptance of Equivalent Review form is submitted late, the administrative fee is \$125. The Notice of Selection of Reviewer and Request for Acceptance of Equivalent Review form may be obtained at the board's office.

If a firm filing a Request for Acceptance of Equivalent Review form has not engaged a reviewer by June 1, the firm must file a copy of the Request for Acceptance of Equivalent Review form by June 1 with the \$75 fee. The original Request for Acceptance of Equivalent Review signed by the firm and reviewer must then be filed within 30 days after the reviewer is engaged. If the original Request for Acceptance of Equivalent Review form is not filed within 30 days after the reviewer is engaged, the firm must submit an additional \$50.

The peer review is limited to the firm's accounting and auditing practice and, if required, may include its related quality control system.

(Effective January 1, 2020) Requirement for review -- Fee -- Areas to be reviewed. A licensed firm, as a condition to renewal of its firm permit pursuant to SDCL chapter 36-20B, must undergo a peer review in accordance with this chapter once every three years unless prior approval is granted by the board for special circumstances. Special circumstances include a requirement by another reviewing body which would cause a firm's review to be outside the three year cycle.

The board may waive or adjust the peer review requirements for a firm that has entered into a consent agreement as a result of a pass with deficiency or fail report.

The administrative fee for a peer review is \$75. ~~For firms having reviews conducted under the South Dakota program, the administrative fee must be accompanied by a Notice of Selection of Reviewer form and be received by the board at the board's office by January 15 of the year of review or must be postmarked by January 15. For firms applying under the equivalent review~~

~~provision in § 20:75:07:05, the~~ The administrative fee must be accompanied by a Request for Acceptance of Equivalent Review form and received by the board at the board's office by June 1 or postmarked by June 1. If the ~~Notice of Selection of Reviewer or~~ Request for Acceptance of Equivalent Review form is submitted late, the administrative fee is \$125. The ~~Notice of Selection of Reviewer and~~ Request for Acceptance of Equivalent Review form may be obtained at the board's office.

If a firm filing a Request for Acceptance of Equivalent Review form has not engaged a reviewer by June 1, the firm must file a copy of the Request for Acceptance of Equivalent Review form by June 1 with the \$75 fee. The original Request for Acceptance of Equivalent Review signed by the firm and reviewer must then be filed within 30 days after the reviewer is engaged. If the original Request for Acceptance of Equivalent Review form is not filed within 30 days after the reviewer is engaged, the firm must submit an additional \$50.

The peer review is limited to the firm's accounting and auditing practice and, if required, may include its related quality control system.

Source: 29 SDR 16, effective August 14, 2002; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(9)(10)(11).

Law Implemented: SDCL 36-20B-36.

Cross-References:

Equivalent reviews, § 20:75:07:05.

Selection of reviewer, § 20:75:07:06.

Discretion to waive certain requirements, § 20:75:01:07.

20:75:07:06. (Effective through December 31, 2019) Selection of reviewer for South Dakota review. A firm subject to review must engage an individual approved by the board

pursuant to § 20:75:07:07 to conduct the peer review. By January 15 of the year of review, a firm subject to review must submit the name of the individual who will conduct the review to the board in writing, on forms provided by the board. The firm must provide evidence establishing that the reviewer meets the qualifications in § 20:75:07:07.

The notice of selection of reviewer form and its required attachments must be received by the board by January 15 of the year of review or must be postmarked by January 15 unless the firm shows good cause in accordance with § 20:75:01:07.

If a firm subject to review fails to notify the board by January 15 of its selection of reviewer by filing the selection of reviewer form and has shown good cause, the firm has 30 days to file the form. If the firm does not file the form within 30 days, it waives the right to select a reviewer or have input in the selection of a reviewer. The board shall select an individual to conduct the review and notify the firm of the selection by March 1.

A firm subject to review that does not select a reviewer must submit an industry profile by February 15. It must engage the reviewer and file a copy of the letter or contract of engagement with the board by March 15. A late fee of \$50 will be due if a copy of the letter or contract of engagement is received after March 15.

(Effective January 1, 2020) Selection of reviewer for South Dakota review. ~~A firm subject to review must engage an individual approved by the board pursuant to § 20:75:07:07 to conduct the peer review. By January 15 of the year of review, a firm subject to review must submit the name of the individual who will conduct the review to the board in writing, on forms provided by the board. The firm must provide evidence establishing that the reviewer meets the qualifications in § 20:75:07:07.~~

~~The notice of selection of reviewer form and its required attachments must be received by the board by January 15 of the year of review or must be postmarked by January 15 unless the firm shows good cause in accordance with § 20:75:01:07.~~

~~— If a firm subject to review fails to notify the board by January 15 of its selection of reviewer by filing the selection of reviewer form and has shown good cause, the firm has 30 days to file the form. If the firm does not file the form within 30 days, it waives the right to select a reviewer or have input in the selection of a reviewer. The board shall select an individual to conduct the review and notify the firm of the selection by March 1.~~

~~— A firm subject to review that does not select a reviewer must submit an industry profile by February 15. It must engage the reviewer and file a copy of the letter or contract of engagement with the board by March 15. A late fee of \$50 will be due if a copy of the letter or contract of engagement is received after March 15. Repealed~~

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004.

General Authority: SDCL 36-20B-12(9)(11).

~~— **Law Implemented:** SDCL 36-20B-36.~~

~~— **Cross References:** Discretion to waive certain requirements, § 20:75:01:07; Requirement for review — Fee — Areas to be reviewed, § 20:75:07:02.~~

20:75:07:07. (Effective through December 31, 2019) Qualifications of reviewer -- South Dakota reviews. An individual selected to conduct a South Dakota review must have the following minimum qualifications:

(1) Be licensed to practice as a certified public accountant or public accountant by the licensing board of any state;

(2) Have current knowledge and experience of the professional standards applicable to the type of practice to be reviewed, including recent experience in the industry engagements that may be selected for review. Such knowledge and experience may be obtained from on-the-job training, training courses, or a combination of both;

(3) Be independent of the firm under review;

(4) Be able to demonstrate familiarity with the procedure for conducting a peer review in accordance with the standards in §§ 20:75:07:09 to 20:75:07:16, inclusive;

(5) Be able to provide evidence that the reviewer's firm received a pass report during the past three years or a certified true statement that the firm was not subject to review. If the reviewer is associated with more than one firm, all of the firms with which the reviewer is associated must fulfill this requirement. This provision is not applicable to an individual reviewer not associated with a firm;

(6) Be familiar with operations of a firm comparable in size to the firm under review; and

(7) Have completed a minimum of eight hours of continuing professional education on performing peer reviews within the five years before the start of the review.

Members of the board and members of their firms may not conduct a South Dakota peer review; however, members of their firms may conduct equivalent reviews in accordance with § 20:75:07:05.

(Effective January 1, 2020) Qualifications of reviewer -- South Dakota reviews. ~~An individual selected to conduct a South Dakota review must have the following minimum qualifications:~~

~~—— (1) Be licensed to practice as a certified public accountant or public accountant by the licensing board of any state;~~

~~—— (2) Have current knowledge and experience of the professional standards applicable to the type of practice to be reviewed, including recent experience in the industry engagements that may be selected for review. Such knowledge and experience may be obtained from on-the-job training, training courses, or a combination of both;~~

~~—— (3) Be independent of the firm under review;~~

~~— (4) Be able to demonstrate familiarity with the procedure for conducting a peer review in accordance with the standards in §§ 20:75:07:09 to 20:75:07:16, inclusive;~~

~~— (5) Be able to provide evidence that the reviewer's firm received a pass report during the past three years or a certified true statement that the firm was not subject to review. If the reviewer is associated with more than one firm, all of the firms with which the reviewer is associated must fulfill this requirement. This provision is not applicable to an individual reviewer not associated with a firm;~~

~~— (6) Be familiar with operations of a firm comparable in size to the firm under review; and~~

~~— (7) Have completed a minimum of eight hours of continuing professional education on performing peer reviews within the five years before the start of the review.~~

~~— Members of the board and members of their firms may not conduct a South Dakota peer review; however, members of their firms may conduct equivalent reviews in accordance with § 20:75:07:05. Repealed.~~

Source: 29 SDR 16, effective August 14, 2002; 36 SDR 216, effective July 6, 2010.

~~— **General Authority:** SDCL 36-20B-12(9).~~

~~— **Law Implemented:** SDCL 36-20B-36.~~

20:75:07:08. (Effective through December 31, 2019) Conduct of review -- Location. The peer review must be conducted at the office location of the firm under review unless the board gives prior approval for the review to be conducted at another location. A firm that does not perform audits and had a pass report on its preceding review may have a review conducted at a location other than its office. However, the firm must have a review conducted at its office location once every third three-year cycle. A firm that performs audits of historical financial statements, agreed-upon procedures under the **Statements on Standards for Attestation Engagements**, or

examinations of prospective financial statements must have a review conducted at its office location because of the public interest in the quality of such engagements and the importance to the accounting profession of maintaining the quality of those services. Prior approval may be granted for a review to be conducted at a location other than the firm's office for firms conducting audits. In granting approval for a review to be conducted at another location, the board shall consider firm size and makeup, the number and types of engagements, distances involved, and prior review.

(Effective January 1, 2020) Conduct of review -- Location. ~~The peer review must be conducted at the office location of the firm under review unless the board gives prior approval for the review to be conducted at another location. A firm that does not perform audits and had a pass report on its preceding review may have a review conducted at a location other than its office. However, the firm must have a review conducted at its office location once every third three-year cycle. A firm that performs audits of historical financial statements, agreed-upon procedures under the **Statements on Standards for Attestation Engagements**, or examinations of prospective financial statements must have a review conducted at its office location because of the public interest in the quality of such engagements and the importance to the accounting profession of maintaining the quality of those services. Prior approval may be granted for a review to be conducted at a location other than the firm's office for firms conducting audits. In granting approval for a review to be conducted at another location, the board shall consider firm size and makeup, the number and types of engagements, distances involved, and prior review. Repealed.~~

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012; 39 SDR 219, effective June 24, 2013; 41 SDR 111, effective January 19, 2015.

~~General Authority: SDCL 36-20B-12(9).~~

~~Law Implemented: SDCL 36-20B-36.~~

~~Reference: AICPA Professional Standards, Volume 1, AT Section December 15, 2014
June 1, 2018, American Institute of Certified Public Accountants. Copies may be viewed at the
board's office or obtained from the American Institute of Certified Public Accountants, 220 Leigh
Farm Road, Durham, NC 27707. Cost: Member \$135 / Non-Member \$168.75.~~

20:75:07:09. (Effective through December 31, 2019) Conduct of review -- Requirements. The peer review must be conducted in accordance with the following requirements:

(1) A review must have an engagement review, report review, or system review as defined in § 20:75:07:01, to ensure that procedures tailored to the size of the firm and the nature of its practice are performed;

(2) A South Dakota review must be conducted between January 1 and October 31 of the year of review unless otherwise agreed by the board and the firm subject to review;

(3) The reviewer must select the engagements to be reviewed. Engagements selected for review must provide a reasonable cross section of the firm's accounting and auditing practice with greater emphasis on those engagements in the practice with higher assessed levels of quality review risk. Factors to be considered in assessing peer review risk at the engagement level are size, industry area, level of service, personnel, litigation in industry area, and initial engagement;

(4) The review must be limited to the reviewed firm's quality control system and the accounting and auditing engagements with client year ends dated within the year under review;

(5) The reviewer must use checklists as a basis for performing the review. A separate checklist must be used for system reviews, engagement reviews, and report reviews. The checklists must include questions for the reviewer to answer and must provide sufficient information for the

board to determine whether the firm under review complies with the standards and principles in §§ 20:75:05:05 and 20:75:05:06; and

(6) The firm under review must submit to the reviewer the preceding peer review report; the matters for further consideration, if any; the reviewed firm's response to the matters for further consideration, if any; the findings for further consideration, if any; the reviewed firm's response to the findings for further consideration, if any; the final letter of approval; and any board or review committee performance requirements.

(Effective January 1, 2020) Conduct of review -- Requirements. The peer review must be conducted in accordance with the following requirements:

(1) A review must have an engagement review, report review, or system review as defined in § 20:75:07:01, to ensure that procedures tailored to the size of the firm and the nature of its practice are performed;

~~(2) A South Dakota review must be conducted between January 1 and October 31 of the year of review unless otherwise agreed by the board and the firm subject to review;~~

~~(3)~~ (2) The reviewer must select the engagements to be reviewed. Engagements selected for review must provide a reasonable cross section of the firm's accounting and auditing practice with greater emphasis on those engagements in the practice with higher assessed levels of quality review risk. Factors to be considered in assessing peer review risk at the engagement level are size, industry area, level of service, personnel, litigation in industry area, and initial engagement;

~~(4)~~ (3) The review must be limited to the reviewed firm's quality control system and the accounting and auditing engagements with client year ends dated within the year under review;

~~(5)~~ (4) The reviewer must use checklists as a basis for performing the review. A separate checklist must be used for system reviews, engagement reviews, and report reviews. The checklists must include questions for the reviewer to answer and must provide sufficient information for the

board to determine whether the firm under review complies with the standards and principles in §§ 20:75:05:05 and 20:75:05:06; and

(6) The firm under review must submit to the reviewer the preceding peer review report; the matters for further consideration, if any; the reviewed firm's response to the matters for further consideration, if any; the findings for further consideration, if any; the reviewed firm's response to the findings for further consideration, if any; the final letter of approval; and any board or review committee performance requirements.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008; 36 SDR 216, effective July 6, 2010; 39 SDR 33, effective September 5, 2012.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

Cross-Reference: Definitions, § 20:75:07:01.

20:75:07:13. (Effective through December 31, 2019) Reviewer's submissions to board -- South Dakota reviews. If conducting a South Dakota review, the reviewer shall submit copies of the following to the board office within 30 days after the exit conference:

- (1) The reviewer's checklist;
- (2) The summary review memorandum;
- (3) The matters for further consideration;
- (4) The summaries of the matters for further consideration;
- (5) The findings for further consideration;
- (6) The summaries of the findings for further consideration;

(7) The summaries of unresolved "no" answers in engagement checklists not resulting in a matter for further consideration;

(8) The exit conference summary; and

(9) The reviewed firm's letter representing its compliance with requirements for the peer review.

If the reviewer submits these copies to the board office after the 30-day period, the reviewer must submit a \$50 fee with the copies.

(Effective January 1, 2020) Reviewer's submissions to board -- South Dakota reviews.

~~If conducting a South Dakota review, the reviewer shall submit copies of the following to the board office within 30 days after the exit conference:~~

~~——(1) The reviewer's checklist;~~

~~——(2) The summary review memorandum;~~

~~——(3) The matters for further consideration;~~

~~——(4) The summaries of the matters for further consideration;~~

~~——(5) The findings for further consideration;~~

~~——(6) The summaries of the findings for further consideration;~~

~~——(7) The summaries of unresolved "no" answers in engagement checklists not resulting in a matter for further consideration;~~

~~——(8) The exit conference summary; and~~

~~——(9) The reviewed firm's letter representing its compliance with requirements for the peer review.~~

~~——If the reviewer submits these copies to the board office after the 30 day period, the reviewer must submit a \$50 fee with the copies. Repealed.~~

Source: 29 SDR 16, effective August 14, 2002; 36 SDR 216, effective July 6, 2010.

~~——**General Authority:** SDCL 36-20B-12(9)(10)(11).~~

~~Law Implemented: SDCL 36-20B-36.~~

~~Cross Reference: Discretion to waive certain requirements, § 20:75:01:07.~~

20:75:07:14. (Effective through December 31, 2019) Firm's submissions to board -- South Dakota reviews. The firm under South Dakota review must submit copies of the following to the board within 60 days after completion of the exit conference or by November 30 of the year of review, whichever comes first:

- (1) The reviewer's report;
- (2) The matters for further consideration, if any;
- (3) The findings for further consideration, if any; and
- (4) The firm's response to the matters for further consideration or findings for further consideration, if any.

If the firm submits the copies after the 60-day period or after November 30 of the year of review, whichever comes first, the firm must submit a \$50 fee with the copies.

~~(Effective January 1, 2020) Firm's submissions to board -- South Dakota reviews. The firm under South Dakota review must submit copies of the following to the board within 60 days after completion of the exit conference or by November 30 of the year of review, whichever comes first:~~

- ~~(1) The reviewer's report;~~
- ~~(2) The matters for further consideration, if any;~~
- ~~(3) The findings for further consideration, if any; and~~
- ~~(4) The firm's response to the matters for further consideration or findings for further consideration, if any.~~

~~— If the firm submits the copies after the 60-day period or after November 30 of the year of review, whichever comes first, the firm must submit a \$50 fee with the copies. Repealed.~~

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008; 36 SDR 216, effective July 6, 2010.

~~— **General Authority:** SDCL 36-20B-12(9)(10)(11).~~

~~— **Law Implemented:** SDCL 36-20B-36.~~

~~— **Cross-Reference:** Discretion to waive certain requirements, § 20:75:01:07.~~

20:75:07:15. (Effective through December 31, 2019) Board's review of reports. After receipt of documentation from the reviewer and the firm under review, the board shall review the file and proceed with § 20:75:07:17 or 20:75:07:18. If the board determines that the firm under review does not comply with §§ 20:75:05:05 and 20:75:05:06, the board may require the reviewer to recall and reissue the report.

If the board determines that the reviewer has not issued the report or findings for further consideration in accordance with §§ 20:75:07:08 to 20:75:07:15, inclusive, the board shall return the report or the findings for further consideration, or both, to the reviewer for correction. The board may deny an individual the right to continue as a qualified reviewer if a subsequent report and any findings for further consideration are issued containing the errors the reviewer was previously notified to correct or the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.

The reviewer must destroy all work papers upon notification from the board of acceptance of the review.

(Effective January 1, 2020) Board's review of reports. After receipt of documentation from the reviewer and the firm under review, the board shall review the file and proceed with

§ 20:75:07:17 or 20:75:07:18. If the board determines that the firm under review does not comply with §§ 20:75:05:05 and 20:75:05:06, the board may require the reviewer to recall and reissue the report.

If the board determines that the reviewer has not issued the report or findings for further consideration in accordance with §§ ~~20:75:07:08~~ 20:75:07:09 to ~~20:75:07:15~~ 20:75:07:12, inclusive, and § 20:75:07:15, the board shall return the report or the findings for further consideration, or both, to the reviewer for correction. The board may deny an individual the right to continue as a qualified reviewer if a subsequent report and any findings for further consideration are issued containing the errors the reviewer was previously notified to correct or the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.

The reviewer must destroy all work papers upon notification from the board of acceptance of the review.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008; 36 SDR 216, effective July 6, 2010.

General Authority: SDCL 36-20B-12(2)(9).

Law Implemented: SDCL 36-20B-36.

20:75:07:17. (Effective through December 31, 2019) Procedure in case of pass with deficiency or fail report. If the report is designated pass with deficiency or fail, the board may request additional information or a response from the firm under review or from the reviewer to support or clarify the pass with deficiency or fail report and may attempt to have the firm subject to review correct the deficiencies through a consent agreement. The consent agreement must set forth a plan and schedule for correction of the deficiencies. The consent agreement may include the following:

- (1) A requirement that the deficiencies be corrected within a specified time;
- (2) A requirement that the firm undergo a peer review during the calendar year following the date designated for correction of the deficiencies;
- (3) A requirement that the members of the firm complete continuing education in the areas of deficiency in addition to the continuing education hours required by SDCL 36-20B-27;
- (4) A requirement that the firm maintain a minimum library of source materials; and
- (5) Any other requirements that will effectuate the purpose of this chapter and SDCL chapter 36-20B.

If the board and the firm are not able to reach a consent agreement in regard to a plan and schedule for correction of the deficiencies, the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.

(Effective January 1, 2020) Procedure in case of pass with deficiency or fail report. If the report is designated pass with deficiency or fail, the board may request additional information or a response from the firm under review or from the reviewer to support or clarify the pass with deficiency or fail report and may attempt to have the firm subject to review correct the deficiencies through a consent agreement. The consent agreement must set forth a plan and schedule for correction of the deficiencies. The consent agreement may include the following:

- (1) A requirement that the deficiencies be corrected within a specified time;
- (2) A requirement that the firm undergo a peer review during the calendar year following the date designated for correction of the deficiencies;
- (3) A requirement that the members of the firm complete continuing education in the areas of deficiency in addition to the continuing education hours required by SDCL 36-20B-27;
- (4) A requirement that the firm maintain a minimum library of source materials; and
- (5) Any other requirements that will effectuate the purpose of this chapter and SDCL chapter 36-20B.

If the board and the firm are not able to reach a consent agreement in regard to a plan and schedule for correction of the deficiencies, the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008; 36 SDR 216, effective July 6, 2010.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36, 36-20B-40, 36-20B-41.

Cross-References:

Results of review -- Exit conference, § 20:75:07:10.

Report -- Findings for further consideration, § 20:75:07:11.

Response to findings for further consideration, § 20:75:07:12.

~~Reviewer's submissions to board -- South Dakota reviews, § 20:75:07:13.~~

~~Firm's submissions to board -- South Dakota reviews, § 20:75:07:14.~~

Board's review of reports, § 20:75:07:15.

20:75:07:18. (Effective through December 31, 2019) Procedure in case of pass report. If the report is designated pass, the board may take no further action or it may request additional information or a response from the firm under review or from the reviewer with regard to the pass report. If the firm fails to respond in the manner requested by the board, the board may proceed in accordance with the provisions of SDCL 36-20B-40 and 36-20B-41.

(Effective January 1, 2020) Procedure in case of pass report. If the report is designated pass, the board may take no further action or it may request additional information or a response from the firm under review or from the reviewer with regard to the pass report. If the firm fails to

respond in the manner requested by the board, the board may proceed in accordance with the provisions of SDCL 36-20B-40 and 36-20B-41.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008; 36 SDR 216, effective July 6, 2010.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36, 36-20B-40, 36-20B-41.

Cross-References:

Results of review -- Exit conference, § 20:75:07:10.

Report -- Findings for further consideration, § 20:75:07:11.

Response to findings for further consideration, § 20:75:07:12.

~~Reviewer's submissions to board — South Dakota reviews, § 20:75:07:13.~~

~~Firm's submissions to board — South Dakota reviews, § 20:75:07:14.~~

Board's review of reports, § 20:75:07:15.

CPE EXTENSION REQUESTS

Nicole Kasin

The following letters are from individuals who are requesting a second CPE extension for the July 1, 2017 to June 30, 2018 CPE reporting period. They had already been given a 90-day extension from staff which was through September 30, 2018.

In accordance with ARSD 20:75:04:10 the board shall review subsequent requests for extensions and may grant them on a case by case basis for good cause. Good cause includes personal emergencies, acts of God, administrative errors made by the board or the board of another state, or substantial compliance with SDCL chapter 36-20B or article 20:75.

Please make a determination individually for each of the following requests.

Nicole:

As a follow up to our conversation earlier this week, I am submitting the CPE form, along with the supporting documents for your review, for the credits I completed during the extension period referred to below. Of the 34 required hours for this reporting period, I have completed 8, a shortfall of 26 hours.

In addition, I am formally requesting an additional extension on the basis of personal emergencies, requesting an extended deadline of 12/31/2018. Since the initial extension request I have had extremely limited opportunities to pursue my CPE credit that were unplanned and unexpected.

The first situation relates to the departure of key personnel in the accounting department at my employer. I am the Director of Finance and Accounting for Novita Nutrition, a startup company that has been in operation less than two years. As such, we have a very lean staffing situation, with just two other accounting people on my team. Of those two individuals, the person with key management responsibilities left the company without notice. To cover the workload, I have been working upwards of 60 hours per week.

Added to the work situation, I had to address medical appointments that required a couple days out of the office. The most urgent of these was a biopsy related to routine mammogram, which fortunately resulted in a clear radiology report, but none the less required 2 work days out of the office to resolve.

The staffing situation, although not completely resolved, has been improved with a plan to resolution. This, along with the medical situation behind me, will allow me to address the remaining CPE requirement by December 31. I plan to address the CPE hours mostly by way of on-line resources and course work.

Thank you for your time and assistance on this matter.

Laura Johnson

To the board and whom it may concern:

I am requesting an additional extension of time to complete my CPE for the 2017-18 year for the following reasons:

I was sick with walking pneumonia for over two months from the period of May - July
My mother had a Stroke on 4/19/18 and I have needed to be taking care of her financial and mental health well being which has limited what little time I already had due to tax season.
I am currently being treated for a medical condition which resulted from my former illness/overload earlier in the year!

I can provide the necessary documentation for both medical issues if needed for substantiation
I have completed more than the CPE required for the past 3 year periods and an additional 40 hours two years ago for Securities/ Investments which I did not even get to / need to report
My CPA license means everything to me and my well being because of my Age, Love of the work I do, tax niche market that no one else in town is interested in providing for.

I appreciate the original Three-month extension given to me by the ED of the SDBOA and fully expected to be able to finish my CPE by that time but due to my two medical issues since April.
I have tried to complete these hours several times since 6/30/18 but have been unable to even make much progress in that time period due to my Health.

Due to my present medical condition and the unknown of how long my recuperation may take, I am requesting and an additional 3 month period to complete this requirement for 2017-18, and be able to start early on my 2018-19 CPE if possible.

Now that my tax extension deadlines have passed, I am hoping to work reasonable hours going forward and be able to accomplish this! Thanks again for your consideration.

Please consider all of the above and I thank you for your consideration in this very important matter!

Sincerely,

Steven C. Wagner, CPA

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Board Agreed Upon Procedure

At the August meeting the board discussed the two-year ending audit and possibly moving away from an audit and instead have an AUP which would be required to be completed every three years. The department has a requirement that any handling of money by the boards be covered in the AUP.

An example of a different commission had this information in their contract:

- Review internal control procedures over the cash receipts process and test revenue transactions in accordance with state laws and regulations for the year July 1, 2016 to June 30, 2017.
 - Inquire of management regarding the internal control processes as they relate to cash receipts for the revenue process
 - Select a sample of 30 licensee individuals from the licensee list on the database. For individuals selected, they will agree the renewal fee charged with the fees published on the commission's web site in effect for the fiscal year ending June 30, 2017. The CPA firm will trace the payment received to the cash receipt transmittal report.
 - Select a sample of 15 new licensees approved by the commission as noted in the minutes. Agree that the fee charged with the fees published on the commission's web site in effect for the fiscal year ending June 30, 2017. The CPA firm will trace the payment received to the cash receipt transmittal report.
 - Trace the total of the cash receipt transmittal report to the confirmation report provided by the SD Bureau of Financial Management.

The Board needs to determine along with the department requirement if they would like any other business processes tested.

CPE Audits

The list of licensees has been selected for CPE audits and letters were sent out to those selected on October 1, 2018. The documentation is due in our office no later than October 31, 2018. The following is the current status of the audits as of October 16, 2018:

	Selected	Complied	Not Complied	Granted Extension	Approved CPE Audit	Failed CPE Audit
CPA (Active)	110	30	0	0	17	0

Board Discussion

- Any New Business/topics?