



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
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Sioux Falls, SD 57104
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Agenda
South Dakota Board of Accountancy Meeting
Conference Call
9:00 a.m. (CT)
November 6, 2013

A=Action

D=Discussion

I=Information

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A-Approval of Minutes of Meeting September 11, 2013.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through September 2013	6-16
A-Report to Board on CPE Extension requests (2 nd extension).....	17-20
D-Executive Director's Report.....	21
AICPA	
D-Board of Examiners meeting highlights October 3-4, 2013.....	22-24
NASBA	
A-Exposure draft on Firm Mobility for the UAA.....	25-45
Kansas Response.....	46
D-Candidate Care Concerns 3Q13.....	47-51
EXECUTIVE SESSION	
Equivalent Reviews, South Dakota Reviews and Complaints for Board Approval.....	Spt. Pkt.
FUTURE MEETING DATES (all times CT)	
December 9 – 9:00 – Conference Call	



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South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
September 11, 2013 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Wednesday, September 11, 2013. Chair John Mitchell called the meeting to order at 9:05 a.m.

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

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

Chair John Mitchell asked if there were any additions to the agenda. The following were added: certificates and firm permit, and financial statements through August 2013.

A motion was made by David Pummel and seconded by Marty Guindon to approve the August 12, 2013, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the financial statements through August 2013. A roll call vote was taken. The motion unanimously carried.

A motion was made by John Linn, Jr. and seconded by David Pummel to approve the issuance of individual certificates through September 9, 2013. A roll call vote was taken. The motion unanimously carried.

Executive Director Kasin discussed her report on clarification on CPE word count, proposed 2014 legislation, and online renewal statistics.

The board discussed NASBA's proposed amendments to the bylaws.

A motion was made by Marty Guindon and seconded by Holly Brunick to enter into executive session for the deliberative process for peer reviews. A roll call vote was taken. The motion unanimously carried.

The Board came out of executive session.

A motion was made by David Pummel and seconded Marty Guindon to accept the peer reviews as discussed in executive session. A roll call vote was taken. The motion unanimously carried.

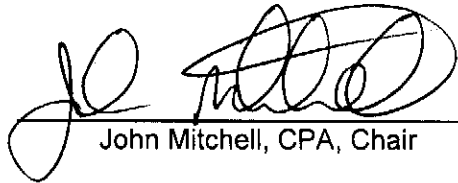
FUTURE MEETING DATES (all times CT)

November 6 – 9:00 – Conference call

December 9 – 9:00 – Conference call


A motion was made by David Pummel and seconded by John Linn, Jr. to adjourn the meeting. A roll call vote was taken. The motion unanimously carried.

All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 9:38 a.m.



John Mitchell, CPA, Chair

Attest: 
Nicole Kasin, Executive Director



David Pummel, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through October 31, 2013

Number	Name	Date Issued	Location
2532	Debra Louise Nies (name change)	11/13/02	Chamberlain, SD
3100	Jason Lee Pearson	10/02/13	Yankton, SD
3101	Sheila Kay Rogers	10/02/13	Sioux Falls, SD
3102	Tommy Gene Pollema	10/09/13	Tea, SD
3103	Melanie Dawn Jobgen	10/09/13	Rapid City, SD
3104	Christopher Lee Roettele	10/10/13	Columbia, SD
3105	Nathan Jay Schaap	10/17/13	Sioux Falls, SD
3106	Jill Lorraine Holt	10/22/13	Sioux Falls, SD
3107	Seung Hee Lee	10/22/13	Alpharetta, GA

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

**Issued Through
October 31, 2013**

Number	Name	Date Issued	Basis/Comments
1612	TruCount CPA PC Brookings, SD	09/04/13	Name Change
1613	EA Mohan & Associates LLC West Fargo, ND	10/21/13	New Firm

BA1409R1

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STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 09/30/2013

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	415,791.14	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			415,791.14	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			415,791.14	DR **	
BUDGET UNIT TOTAL 1031			415,791.14	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 09/30/2013

AGENCY	BUDGET UNIT	CENTER-5	10	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #	OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503																		
COMPANY NAME PROFESSIONAL & LICENSING BOARDS																		
6503	103100061802	5101010								CGEX130911	09/18/2013						1,805.60	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES																		
6503	103100061802	5101020								CGEX130911	09/18/2013						1,805.60	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES																		
OBJECT: 5101 EMPLOYEE SALARIES																		
6503	103100061802	5102010								CGEX130911	09/18/2013						734.21	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE																		
6503	103100061802	5102020								CGEX130911	09/18/2013						187.58	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE																		
6503	103100061802	5102060								CGEX130911	09/18/2013						152.39	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE																		
6503	103100061802	5102080								CGEX130911	09/18/2013						605.76	DR
OBJSUB: 5102080 WORKER'S COMPENSATION																		
6503	103100061802	5102090								CGEX130911	09/18/2013						3.30	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION																		
GROUP: 51 PERSONAL SERVICES																		
6503	103100061802	5203010								MP408054	09/30/2013						949.84	DR
OBJSUB: 5203010 AUTO-STATE OWNED-IN STATE																		
6503	103100061802	5203020								CGEX130904	09/04/2013						149.12	DR
OBJSUB: 5203020 AUTO PRIV (IN-ST.) L/RTE																		
6503	103100061802	5203030								CGEX130904	09/04/2013						296.74	DR
OBJSUB: 5203030 AUTO-PRIV (IN-ST.) H/RTE																		
6503	103100061802	5203150								CGEX130904	09/04/2013						38.00	DR
OBJSUB: 5203150 NON-TAXABLE MEALS/IN-ST																		
6503	103100061802	5204150								CGEX130904	09/04/2013						47.00	DR
OBJSUB: 5204150 TRAVEL																		
6503	103100061802	5204160								CGEX130904	09/04/2013						26.00	DR
OBJSUB: 5204160 ORDER-01008																		
6503	103100061802	5204160								CGEX130904	09/06/2013						189.00	DR
OBJSUB: 5204160 ORDER-01008																		
6503	103100061802	5204160								CGEX130904	09/06/2013						1,213.78	DR
OBJSUB: 5204160 ORDER-01008																		
6503	103100061802	5204160								CGEX130904	09/06/2013						1,090.00	DR

BA0205A5 09/28/2013

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 09/30/2013

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

	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
	6503	OBSJUB:	5204160	WORKSHOP REGISTRATION FEE						1,090.00	DR *
	1031000	61802	52042000	PL408057	09/25/2013					235.68	DR
	6503	OBSJUB:	5204200	CENTRAL SERVICES						235.68	DR *
	1031000	61802	52042200	INVL546484	09/04/2013	02047351	MARCOINC	12201534		13.58	DR
	6503	1031000	61802	52042200	09/30/2013	02050335	MARCOINC	12201534		8.38	DR
	6503	OBSJUB:	5204220	EQUIPMENT SERV & MAINT						21.96	DR *
	1031000	61802	52042300	14SC100002 SEP13	09/30/2013	00016022	SUNSETOFFI	12043890		122.86	DR
	6503	OBSJUB:	5204230	JANITORIAL & MAINT SERV						122.86	DR *
	1031000	61802	52044600	H4161806	09/06/2013	02047769	MAILEFTNANC	12219369		597.00	DR
	6503	1031000	61802	52044600	09/04/2013	02047351	MARCOINC	12201534		57.00	DR
	6503	1031000	61802	52044600	09/30/2013	02050335	MARCOINC	12201534		57.00	DR
	6503	OBSJUB:	5204460	EQUIPMENT RENTAL						711.00	DR *
	1031000	61802	52044900	ACCOMTRENT2013	09/25/2013	02049250	MCGINNISRO	12074040		1,269.45	DR
	6503	OBSJUB:	5204490	RENTS-PRIVATE OWNED PROP.						1,269.45	DR *
	1031000	61802	52045300	TL408155	09/25/2013	00011552	MIDCONTINE	12023782		139.75	DR
	6503	1031000	61802	52045300	09/25/2013	00011552	MIDCONTINE	12023782		100.00	DR
	6503	1031000	61802	52045300	09/04/2013	00004987	MIDCONTINE	12023782		95.00	DR
	6503	1031000	61802	52045300	09/04/2013	00005690	ATTEMOBILIT	12279233		66.42	DR
	6503	OBSJUB:	5204530	TELECOMMUNICATIONS SRVS						401.17	DR *
	1031000	61802	52045400	5159417006 0813	09/06/2013	02047425	XCELENERGY	12023853		48.87	DR
	6503	OBSJUB:	5204540	ELECTRICITY						48.87	DR *
	1031000	61802	52047400	CI104A-030	09/13/2013	186406				624.18	DR
	6503	1031000	61802	52047400	09/13/2013	186406				624.18	CR
	6503	1031000	61802	52047400	09/13/2013	186406				624.18	DR
	6503	OBSJUB:	5204740	BANK FEES AND CHARGES						624.18	DR *
	1031000	61802	52049600	13510855	09/04/2013	00004898	NATLASSNST	12005047		8,129.15	DR
	6503	OBSJUB:	5204960	OTHER CONTRACTUAL SERVICE						8,129.15	DR *
	1031000	61802	52050200	CONTRACTUAL SERVICES						12,654.32	DR *
	6503	OBJECT:	5204	INI170393	09/04/2013	00005441	CLARTUSIN	12129639		37.17	DR
	6503	1031000	61802	52050200	09/04/2013	02047338	OFFICEMAXI	12162845		41.71	DR
	6503	OBSJUB:	5205020	OFFICE SUPPLIES						78.88	DR *
	1031000	61802	52053200	37447	09/04/2013	00004891	BUSINESSPR	12003048		10.35	DR
	6503	1031000	61802	52053200	09/30/2013	00015614	BUSINESSPR	12003048		21.00	DR
	6503	OBSJUB:	5205320	PRINTING-COMMERCIAL						31.35	DR *
	1031000	61802	52079010	SUPPLIES & MATERIALS						110.23	DR *
	6503	OBJECT:	5205	53328373	09/25/2013	00012308	HEWLETTPAC	12125515	06	238.63	CR
	6503	OBSJUB:	5207901	COMPUTER HARDWARE						238.63	CR *

South Dakota Board of Accountancy
Balance Sheet
As of September 30, 2013

	<u>Sep 30, 13</u>
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	959.07
1140000 · Pool Cash State of SD	415,791.14
Total Checking/Savings	<u>416,750.21</u>
Other Current Assets	
1131000 · Interest Income Receivable	5,207.41
1213000 · Investment Income Receivable	970.07
Total Other Current Assets	<u>6,177.48</u>
Total Current Assets	<u>422,927.69</u>
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	<u>-119,945.87</u>
Total 1670000 · Computer Software	<u>20,117.36</u>
Total Fixed Assets	<u>20,117.36</u>
TOTAL ASSETS	<u>443,045.05</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	10,732.25
Total Accounts Payable	<u>10,732.25</u>
Other Current Liabilities	
2430000 · Accrued Wages Payable	6,461.56
2810000 · Amounts Held for Others	27,392.30
Total Other Current Liabilities	<u>33,853.86</u>
Total Current Liabilities	<u>44,586.11</u>
Long Term Liabilities	
2960000 · Compensated Absences Payable	14,119.90
Total Long Term Liabilities	<u>14,119.90</u>
Total Liabilities	<u>58,706.01</u>
Equity	
3220000 · Unrestricted Net Assets	224,893.36
3300100 · Invested In Capital Assets	20,117.36
Net Income	<u>139,328.32</u>
Total Equity	<u>384,339.04</u>
TOTAL LIABILITIES & EQUITY	<u>443,045.05</u>

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through September 2013

	Jul - Sep 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	750.00	2,200.00	-1,450.00	34.1%
4293551 · Certificate Renewals-Active	56,350.00	53,000.00	3,350.00	106.3%
4293552 · Certificate Renewals-Inactive	19,600.00	19,000.00	600.00	103.2%
4293553 · Certificate Renewals-Retired				
5208005 · REFUNDS	-40.00			
4293553 · Certificate Renewals-Retired - Other	860.00	700.00	160.00	122.9%
Total 4293553 · Certificate Renewals-Retired	820.00	700.00	120.00	117.1%
4293554 · Initial Firm Permits	150.00	1,250.00	-1,100.00	12.0%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-300.00			
4293555 · Firm Permit Renewals - Other	14,000.00	18,000.00	-4,000.00	77.8%
Total 4293555 · Firm Permit Renewals	13,700.00	18,000.00	-4,300.00	76.1%
4293557 · Initial Audit	180.00	900.00	-720.00	20.0%
4293558 · Re-Exam Audit	690.00	2,460.00	-1,770.00	28.0%
4293560 · Late Fees-Initial Certificate	100.00	0.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals				
5208006 · REFUNDS	-100.00			
4293561 · Late Fees-Certificate Renewals - Other	2,050.00	4,000.00	-1,950.00	51.3%
Total 4293561 · Late Fees-Certificate Renewals	1,950.00	4,000.00	-2,050.00	48.8%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	700.00	800.00	-100.00	87.5%
4293564 · Late Fees-Peer Review	500.00	1,300.00	-800.00	38.5%
4293566 · Firm Permit Owners				
5208003 · REFUNDS	-520.00			
4293566 · Firm Permit Owners - Other	87,690.00	70,000.00	17,690.00	125.3%
Total 4293566 · Firm Permit Owners	87,170.00	70,000.00	17,170.00	124.5%
4293567 · Peer Review Admin Fee	675.00	5,650.00	-4,975.00	11.9%
4293568 · Firm Permit Name Change	75.00	100.00	-25.00	75.0%
4293569 · Initial FAR	270.00	1,140.00	-870.00	23.7%
4293570 · Initial REG	60.00	660.00	-600.00	9.1%
4293571 · Initial BEC	150.00	930.00	-780.00	16.1%
4293572 · Re-Exam FAR	450.00	1,860.00	-1,410.00	24.2%
4293573 · Re-Exam REG	570.00	2,310.00	-1,740.00	24.7%
4293574 · Re-Exam BEC	450.00	2,310.00	-1,860.00	19.5%
4491000 · Interest and Dividend Revenue	5,207.41	9,000.00	-3,792.59	57.9%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	190,567.41	198,570.00	-8,002.59	96.0%
Gross Profit	190,567.41	198,570.00	-8,002.59	96.0%
Expense				
5101010 · F-T Emp Sal & Wages	12,130.84	72,759.00	-60,628.16	16.7%
5101020 · P-T/Temp Emp Sal & Wages	5,361.33	18,779.00	-13,417.67	28.5%
5101030 · Board & Comm Mbrs Fees	960.00	4,372.00	-3,412.00	22.0%
5102010 · OASI-Employer's Share	1,371.34	7,362.00	-5,990.66	18.6%
5102020 · Retirement-ER Share	1,049.52	5,492.00	-4,442.48	19.1%
5102060 · Health /Life Ins.-ER Share	4,240.32	22,007.00	-17,766.68	19.3%
5102080 · Worker's Compensation	22.73	254.00	-231.27	8.9%
5102090 · Unemployment Insurance	5.62	91.00	-85.38	6.2%
5203010 · Auto--State Owned	296.96	600.00	-303.04	49.5%
5203020 · Auto-Private-Ownes Low Mileage	180.80	400.00	-219.20	45.2%
5203030 · In State-Auto- Priv. High Miles	694.86	1,500.00	-805.14	46.3%
5203100 · In State-Lodging	350.00	1,000.00	-650.00	35.0%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	215.00	400.00	-185.00	53.8%
5203220 · OS-Auto Private Low Mileage	0.00	0.00	0.00	0.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	0.00	5,700.00	-5,700.00	0.0%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through September 2013

	Jul - Sep 13	Budget	\$ Over Budget	% of Budget
5203280 · OS-Other Public Carrier	0.00	500.00	-500.00	0.0%
5203300 · OS-Lodging	0.00	7,800.00	-7,800.00	0.0%
5203320 · OS-Incidentals to Travel	0.00	350.00	-350.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	1,200.00	-1,200.00	0.0%
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	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	6,700.00	-6,700.00	0.0%
5204130 · Consultant Fees-Other	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	1,090.00	6,000.00	-4,910.00	18.2%
5204180 · Computer Services-State	225.00	600.00	-375.00	37.5%
5204181 · Computer Development Serv-State	4,902.30	10,400.00	-5,497.70	47.1%
5204200 · Central Services	1,645.37	7,000.00	-5,354.63	23.5%
5204220 · Equipment Service & Maintenance	25.87	300.00	-274.13	8.6%
5204230 · Janitorial/Maintenance Services	368.58	1,560.00	-1,191.42	23.6%
5204340 · Computer Software Maintenance	0.00	1,000.00	-1,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	768.00	4,500.00	-3,732.00	17.1%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	3,808.35	15,531.00	-11,722.65	24.5%
5204510 · Rent-Other	200.00	200.00	0.00	100.0%
5204530 · Telecommunications Services	738.16	2,500.00	-1,761.84	29.5%
5204540 · Electricity	150.45	865.00	-714.55	17.4%
5204560 · Water	0.00	240.00	-240.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	3,249.26	5,000.00	-1,750.74	65.0%
5204960 · Other Contractual Services	0.00	0.00	0.00	0.0%
5205020 · Office Supplies	78.88	2,000.00	-1,921.12	3.9%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	45.15	1,000.00	-954.85	4.5%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	0.00	2,000.00	-2,000.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	-238.63	4,800.00	-5,038.63	-5.0%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	1,085.45	7,400.00	-6,314.55	14.7%
5228030 · Depreciation Expense	3,017.58	12,070.40	-9,052.82	25.0%
Total Expense	51,239.09	255,542.40	-204,303.31	20.1%
Net Ordinary Income	139,328.32	-56,972.40	196,300.72	-244.6%
Net Income	139,328.32	-56,972.40	196,300.72	-244.6%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
 July through September 2013

	<u>Jul - Sep 13</u>	<u>Jul - Sep 12</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	750.00	775.00	-25.00	-3.2%
4293551 · Certificate Renewals-Active	56,350.00	54,900.00	1,450.00	2.6%
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South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
 July through September 2013

	<u>Jul - Sep 13</u>	<u>Jul - Sep 12</u>	<u>\$ Change</u>	<u>% Change</u>
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5205320 · Printing/Duplicating/Binding Co	45.15	58.05	-12.90	-22.2%
5205350 · Postage	0.00	1,026.64	-1,026.64	-100.0%
5207900 · Computer Hardware	-238.63	1,225.00	-1,463.63	-119.5%
5228000 · Operating Transfers Out-NonBudg	1,085.45	1,599.32	-513.87	-32.1%
5228030 · Depreciation Expense	3,017.58	3,017.58	0.00	0.0%
Total Expense	<u>51,239.09</u>	<u>61,975.78</u>	<u>-10,736.69</u>	<u>-17.3%</u>
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Request to Board for CPE Extension

Nicole Kasin

We have received two requests from licensees for a second extension for CPE.

Their letters documenting the circumstances follows.

The Board needs to approve or deny each of the second requests for a CPE extension.

Paul Maassen
378 N Lake Drive
Watertown, SD 57201
September 30, 2013

John Mitchell, CPA,
Chair
South Dakota Board of Accountancy
301 E. 14th Street, Suite 200
Sioux Falls, SD 57104

Dear Mr Mitchell and Board:

I am writing to ask you for an additional extension of time to complete my CPE requirements through December 31, 2013 due to the following circumstances which have been unusual and hopefully of a "one-time" nature.

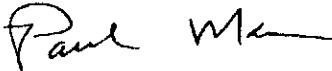
I am the CFO for a building products business headquartered in Watertown, SD and I spent countless hours going through negotiations and acquisition of two additional locations which we took possession of on 5/31/13. I simply had no time to think about my CPE during this time since I was in survival mode, just getting business done was priority #1. Since then I've been working to get the systems checks and balances into the new locations and replaced a manager in one of the new locations.

In addition to the above, we have a wedding for our daughter in November so I've tried to be there for my wife and daughter as much as possible. I'm also active in a local seminary serving as treasurer and two weeks ago had an aunt pass away. Of course, all taking valuable time away from getting my CPE completed.

I have been blessed and an active CPA for over 20 years serving my community and definitely value my education and CPA designation. That's why I'm asking for the extension and not simply going "inactive" for a year.

Thanks for your consideration in this matter!

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Maassen". The signature is fluid and cursive, with the first name "Paul" being more prominent than the last name "Maassen".

Paul Maassen

Jodi J. Schultz
4009 W. 90th Street
Sioux Falls, SD 57108
(605) 360-8150
shanjodimail@midco.net

October 17, 2013

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

Re: Request for Extension of CPE Filing for the 2012/2013 Year

To the Members of the State Board of Accountancy,

I am writing to request a second 90-day extension to complete my CPE requirements for the 2012/2013 reporting year to maintain my active CPA license. I have been an actively licensed CPA for over 23 years and a practicing accountant for 25 years this year. Being actively licensed is very important to me; the CPA behind my names defines me as a professional and I have always gone the extra mile to maintain the CPE requirements to maintain my active status after moving into the private sector from public accounting.

As the Director of the Planning and Analysis group at Sammons Financial Group (parent company of Midland National Life Insurance Company), I have always placed an emphasis on hiring CPA's as well as encouraging my staff to pursue the certification. With my busy season now being August – November, I usually work on my CPE during the first six months of each year. This year started with being asked to co-lead a large SAP General Ledger implementation project at our company in addition to my normal duties, so to be honest, I was struggling to find time to pick up the class time, so I filed the first extension for 09/30/13 filing. I had scheduled the needed courses for the last two weeks of September.

The most unthinkable thing happened during that time. My most experienced team member (and good friend) had two strokes and passed away. She was a young, healthy woman (wife and mother) struck down by a rare bacterial infection that led to two strokes in two weeks. Needless to say, my world has changed personally and professionally with this tragedy.

I have every intention of completing the remaining 19 hours of CPE I have yet to complete between November 15th (the end of the Plan season) and December 31st. Maintaining the right to put those letters behind my name is so important to me, I hope you will consider this request favorably and grant the second extension.

Page 2

If you have any questions or need any other information to process this request, please contact me at the phone number or e-mail address above.

Thank you,

Jodi J. Schultz

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

NASBA Issues

- The exposure draft on firm mobility has been released and comment letters are due by January 17, 2014. The exposure draft is provided in the meeting material.
- My year of being the Chair of the Executive Directors Committee is complete.

CPE Audits

The list of licensees has been selected for CPE audits and letters were sent out to those selected on September 13. The documentation was due in our office no later than October 31, 2013. The following chart shows the status of the audits as of November 1, 2013.

	Selected	Complied	Not Complied	Granted Extension	Approved CPE Audit	Failed CPE Audit
CPA (Active)	54	53	1	0	0	0
CPA (Active in Firm)	63	63	0	0	0	0

Board Discussion

- Any New Business/topics?



AICPA BOARD OF EXAMINERS (BOE)

October 3 - 4, 2013

Washington, DC

MEETING HIGHLIGHTS

Participants

BOE Members: Wendy Perez (Chair), Rick Niswander (Incoming Chair), Robert Brennan, Lisa Cines, Mari DeVries, Russ Friedewald, Barbara Ley, Leslie Mostow, Richard Reisig, Paula Thomas and Gina Weaver

AICPA Staff: Arleen Thomas, Craig Mills, Michael Decker, Noel Albertson, John Mattar, Robin Stackhouse, Joe Maslott, Ophir Leheavy, Connie McGough

NASBA Staff: Colleen Conrad

Observers: Onita Porter (NASBA Examination Review Board)
Allan Cohen (Future BOE member)

At the October 2013 BOE meeting, the BOE heard reports from the State Board Committee (SBC), Psychometric Oversight Committee (POC) and the Content Committee.

SBC Chair Barbara Ley reported on the prior day's meeting at the AICPA office in Washington, DC. Due to the success of the CPA Exam booklet, the booklet will be updated and a 2014 edition will be published. The Examinations Team will also be creating a resource PowerPoint and exploring the possibility of a complementary printed material for boards to use at educator and student conferences. Due to the budget constraints of some state boards, Michael Decker and Examinations Team Staff are available to travel to individual states for their board meetings.

Bob Brennan, the NASBA-appointed Psychometrician to the POC, presented on the initial DIF studies and the positive results they are returning. DIF is the statistical procedure to evaluate test questions for potential bias. Note that this was Bob Brennan's last meeting as he is being replaced by Allan Cohen. We thank him for his service.

The Content Committee discussed the quarterly Section Analysis Reports where the status of the item bank is reviewed. The Content Committee recommended their annual edits to the CSO-SSOs. The new CSOs were approved unanimously and will be published in January 2014 and become effective in January 2015. IFRS items were also discussed and Paula Thomas recommended the candidates be informed of the percentage of IFRS items on the Examination.

The BOE Sponsor Group Reports included reports on volunteer recruiting, financials, IDPI, CCMS, and international administrations.

BOE member Paula Thomas presented on the 2014 volunteer recruiting efforts. All appointments to the BOE committees and subcommittees have been made and are awaiting

final AICPA Board approval. There was an impressive list of candidates to select from and the BOE Sponsor Group was pleased with the selection process.

Dr. Rick Niswander, incoming BOE Chair, presented an overview of the Examinations team budget and actuals as reviewed by the Financial Oversight Group (FOG). There has been an increase in the number of candidates during the last two quarters which may be due to candidates participating in summer review classes. The staffing of a new Director of Content was also discussed.

Mari DeVries, Content Committee Chair, presented an update on the Item Development and Process Improvement (IDPI) project. The IDPI process is projected to have items reach operational status 9 months sooner than the previous process (30 months to 21 months). The Sponsor Group approved transfer of the ongoing IDPI results to the Content Committee starting in Oct. 2013 as the project and items become operational.

AICPA Staff Member Noel Albertson presented an update on CCMS, our item banking system. CCMSv2 went live on May 29th and the backend scoring was updated on July 5th.

Michael Decker, AICPA Director of Operations and Development, presented a brief international update and provided plans for the expansion of the Examination into other countries. Administration in Germany and Saudi Arabia is targeted for FY'14. The Examinations Team is working with the AICPA's Strategy team on the assessment of an increased international presence.

The BOE discussed the 2015 Practice Analysis. The Practice Analysis, with the exploration phase starting later in 2013, is a research project designed to:

- Document the scope of entry-level practice
- Identify how entry-level practice is changing
- Provide data to define the structure of the CPA Examination and the content and skills that will be tested
- Serve as the foundation of the validity and legal defensibility of the Examination
- Allow the Examination to remain current as changes in the profession and measurement occur
- Provide the basis for the test design of a new Examination, to be announced near 2017.

Craig Mills and Colleen Conrad (NASBA) will be presenting on the Practice Analysis at the NASBA Annual Meeting later this month in Hawaii. There is significant BOE oversight and board of accountancy engagement and communications planned throughout the Practice Analysis.

John Mattar, AICPA Director of Psychometrics and Research, presented an update on the BEC pass rates. This information included graphs depicting the pass rate data of all candidates, the pass rate data of first time candidates and repeat candidates, and the impact of any passing score changes on future performance. The BOE carefully reviewed the information to determine if a change to the BEC cut score is needed and the implications of making this change. A Communications Plan was also discussed.

The BOE reviewed and unanimously approved version 16 of the 2013 Strategic Plan, which included Value, Vision, and Mission statements, a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats), a Current State – Future State – Gap Analysis, and concluded with long term strategic initiatives.

One of the long term strategic initiatives is CBT-3. CBT-3 is the new Examination, the third generation computerized examination, scheduled to be announced near 2017. CBT-3 will be based on the 2015 Practice Analysis and will include new item banking and test delivery technology (NextGen) and newer item types and enhanced skills assessment (ESA).

Michael Decker presented the Director's Report, which included an update on staffing, FY13 goals in review, FY14 goal setting, Enterprise Risk Management (ERM) initiatives, and other operational initiatives within the Examinations Team.

Onita Porter of the Examination Review Board (ERB) presented the ERB's annual audit plan. Increased coordination and trusted collaboration among the three parties (NASBA, AICPA, and Prometric) all help to secure improved security and reliability of test administrations.

Exposure Draft

Uniform Accountancy Act

**Seventh Edition
_____, 2013**

Firm Mobility Guidance

**Published jointly by the
American Institute of Certified Public Accountants
1211 Avenue of the Americas, New York, NY 10036-8775
and
National Association of State Boards of Accountancy
150 4th Avenue, North, Nashville, TN 37219-2417**

The base document is the 6th Edition of the UAA (pertinent parts). Changes made per the Attest ED are shown as either single blackline underlined or ~~single blackline strike through~~. Changes made per the firm mobility proposal are shown as either double blackline underlined or ~~double blackline strike through~~. Note: If the firm mobility language resulted in a change to language from the Attest ED, the Attest ED is shown as a ~~double blackline strike through~~.

(Comments must be received by January 17, 2014.)

EXPOSURE DRAFT OF UNIFORM ACCOUNTANCY ACT

After thorough consideration of the key issues discussed below, leadership of NASBA and AICPA strongly believe, as long as the existing element of public protection is preserved, the time has come to give serious consideration to enact firm mobility, as a logical extension of individual mobility. The necessary changes to the Uniform Accountancy Act reflected in the accompanying Exposure Draft retain the essential ownership, peer review and consent to jurisdiction concepts, and thus the vital element of protection of the public is preserved.

Beginning in 2006, the efforts of NASBA, State Boards of Accountancy, AICPA and state CPA societies resulted in virtually uniform enactment by NASBA's 55 jurisdictions of "no notice, no fee, no escape" practice privileges for qualified ("substantially equivalent") individuals who cross state lines. While there are professional services which the practice privilege individuals can perform without creating a registration requirement for the out-of-state firms that employ them, such firm registration is required if the individuals are performing certain specified attest services.

The essential element of protection of the public interest was carefully considered when the individual practice privilege provision was added to the UAA. The substantial equivalence requirements (education, examination and experience) provide the "host" state with the assurance that the "visiting" individuals are equal to its own state's licensees. The same quality assurance concept exists as to the visiting firms which employ these individuals performing attest services. The firms are required to meet the host state's ownership and peer review requirements. Furthermore, both the individuals and the firms that employ them automatically consent to the jurisdiction and disciplinary authority of the host state's Board of Accountancy. This is critical to effective protection of the public.

The enactment of practice privileges has created a significantly greater similarity in licensure requirements among the vast majority of states. The public has benefited through an enhanced ability to engage the CPA firm/individuals they believe to be most appropriate, without concerning themselves with the various state licensure issues. This conformity has also been very beneficial for both the qualified individuals and their firms, as they can now practice across state lines without dealing with either uncertainty as to their status from state to state or the burden of excess paperwork.

There are currently about 16 states (by statute or practice) that do not specifically require a visiting firm to obtain a permit even when their employed individuals are performing attest services. Considering this factor, in addition to the significant increase in the volume of cross-border practice that has resulted from the virtually complete enactment of individual practice privileges, it is appropriate to consider the issue of whether the various states have experienced a rise in the number of related consumer complaints. In this regard, surveys performed to date clearly indicate that the states are not experiencing increased disciplinary problems attributable to the increase in practice across state lines. In the few instances when such problems have arisen, they have been effectively dealt with by the host state, with additional referral to the Board of Accountancy in the principal place of business state of the visiting licensee.

The combination of the attest definition change and the firm mobility proposal presents a logical extension of substantial equivalence for individuals: if a CPA firm complies with peer review and firm ownership, for all practical purposes it has a gold pass and only has to register in states where it has an office. Furthermore, firms (without in-state offices) can use the CPA title and provide compilations and other nonattest services without a permit so long as they do so through an individual with practice privileges and the firm can lawfully render those services in the principal place of business states of the practice privilege individuals.

Public protection is enhanced because the proposal favors firms that are peer reviewed, avoids the potential ambiguity of the “home office” issue, and extends administrative jurisdiction over any firm offering or rendering services in the state. The greatest protection is simply and logically provided for all attest services including various SSAE services that also require technical competence, independence in mental attitude, due professional care, adequate planning and supervision, sufficient evidence, and appropriate reporting. From the standpoint of both public protection and firm mobility, the CPAs and CPA firms from the 48 states which already require peer review will be able to “move freely about the country...” without obtaining permits in states where they have no office or worrying about whether their client has a “home office” in a particular state.

In conclusion, the digital age continues to generate a significant expansion of the interstate practice of public accountancy. Consequently, it is important to our economy that such practice be encouraged / facilitated in a manner consistent with the protection of all users of the services – i.e., the public. Enactment of this proposal will enable firms that are licensed in at least one state and meet the UAA ownership and peer review requirements to temporarily practice across state lines without a permit. Firms that do not meet such requirements will still have to obtain a permit in the visiting state. Enactment could also have the positive effect of providing strong incentive for those states whose licensure requirements do not conform to those prescribed by the UAA to amend their statutes, in order to enhance protection of the public and create a more efficient pathway to interstate practice for their own licensees. The entire proposal is thus presented in the spirit of providing all stakeholders with a safe and more efficient pathway for the interstate practice of public accountancy.

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NOTE: This proposed language builds upon the current exposure draft revising the definition of “attest.” Thus, changes arising solely from the “attest” exposure draft are marked in single underline or single strikethrough, while additional revisions from the new firm mobility language are identified by double underlining and double strikethrough.

Introductory Comments

The Fundamental Principles That Should Govern the Regulation of Certified Public Accountants

Eighth, it is desirable that there be, to the maximum extent feasible, uniformity among jurisdictions with regard to those aspects of the regulatory structure that bear upon the qualifications required of licensees. Because many of the clients or employers of CPAs are multistate enterprises, much of the practice of CPAs has an interstate character; consequently, CPAs must be able to move freely between states. The need for interstate mobility and maintenance of high minimum standards of competence in the public interest requires uniform licensing qualifications, insofar as possible, among the states.

Ninth, and finally, it is essential that mobility for individual CPAs and CPA Firms be enhanced. With respect to the goal of portability of the CPA title and mobility of CPAs across state lines, the cornerstone of the approach recommended by this Act is the standard of "substantial equivalency" set out in Section 23. Under substantial equivalency, a CPA's ability to obtain reciprocity ~~would be~~ is simplified and they ~~would~~ have the right to practice in another state without the need to obtain an additional license in that state unless it is where their principal place of business is located, as determined by the licensee. Individuals ~~would be~~ are not ~~be~~ denied reciprocity or practice rights because of minor or immaterial differences in the requirements for CPA certification from state-to-state. ~~However, individuals with practice privileges who wish to provide certain attest services for a client whose home office is in a state must do so only through a firm with a permit in the practice privilege state.~~

Substantial equivalency is a determination by the Board of Accountancy, or NASBA, that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in the Uniform Accountancy Act. If the state of licensure does not meet the substantial equivalency standard, individual CPAs may demonstrate that they

personally have education, examination and experience qualifications that are comparable to or exceed those in the Uniform Accountancy Act.

For purposes of ~~individual practice rights-privileges~~, an applicant that has an active certificate as a certified public accountant from any jurisdiction that has obtained from the Board of Accountancy or NASBA a determination of substantial equivalency with the Uniform Accountancy Act's CPA certificate requirements shall be presumed to have qualifications substantially equivalent to this jurisdiction's. Individual CPAs from states that are not substantially equivalent may qualify under the substantial equivalency standard on an individual basis. Any CPA that wants to obtain a reciprocal certificate under substantial equivalency must personally possess qualifications that are substantially equivalent to, or exceed, the CPA licensure provisions in the Uniform Accountancy Act.

Firm mobility would be enhanced because even though an individual using practice privileges must render attest services through a CPA firm licensed in some state, if the firm complies with the ownership (Section 7(c)) and peer review (Section 7(h)) requirements, the firm would only need a permit in the states in which it has an office, regardless of the type of service or where such service is performed. The ownership and peer review requirements would thus protect the "visiting state" through firm quality standards comparable to substantial equivalency for practice privilege individuals. For purposes of firm mobility, a firm holding a valid permit from a U.S. jurisdiction, complying with the firm ownership and peer review requirements, would be able to perform any professional service (including attest) in any other state so long as it does so through individuals with practice privileges who can lawfully do so in the state where said individuals have their principal place of business. A firm not meeting both the ownership and peer review requirements could provide nonattest services and use the "CPA" title in any other state so long as it does so through individuals with practice privileges, and so long as the firm can lawfully do so in the state where said individuals with practice privileges have their principal place of business. Indeed, a firm complying with Section 7(a)(1)(C) would only have to obtain permits in states where it has offices.

In the interest of obtaining maximum uniformity and interstate mobility, and assuring that CPAs are subject to only one type of regulatory scheme, the Uniform Act should be the standard of regulation for certificate holders in the U.S. and its jurisdictions. All states and jurisdictions should seek to adopt the Uniform Act to provide uniformity in accountancy regulation. Uniformity will become even more essential in the future as international trade agreements continue to be adopted causing the accounting profession to adopt a global focus.

UAA Section 3

Definitions

When used in this Act, the following terms have the meanings indicated:

- (a) "AICPA" means the American Institute of Certified Public Accountants.
- (b) "Attest" means providing the following ~~financial statement~~ services:
 - (1) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
 - (2) any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);
 - (3) any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); ~~and~~
 - (4) any engagement to be performed in accordance with the standards of the PCAOB; and
 - (5) any examination, review, or agreed upon procedures engagement to be performed in accordance with the SSAE, other than an examination described in subsection (3).

The standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA and the PCAOB.

COMMENT: Subject to the exceptions set out in ~~Section~~ Sections 7, 14, and 23(a)(4), these services are restricted to licensees and CPA firms under the Act, and licensees can only perform the attest services through a CPA firm. Individual licensees may perform the services described in Section 3(f) as employees of firms that do not hold a permit under Section 7 of this Act, so long as they comply with the peer review requirements of Section 6(j). Other ~~attestation~~ professional services are not restricted to licensees or CPA firms; however, when licensees perform those services they are regulated by the state board of accountancy. See also the definition of Report. The definition also includes references to the Public Company Accounting Oversight Board (PCAOB) which make it clear that the PCAOB is a regulatory authority that sets professional standards applicable to engagements within its jurisdiction.

Regarding SSAE engagements, subsections 3(b)(3) and (5) ~~only includes~~ include SSAE engagements pertaining to the examination of prospective financial information, while subsection 3(b)(5) expressly includes as well as other SSAE engagements. Thus, like other services included in this definition of "Attest," they are all restricted to licensees and CPA firms. Although these respective services have been bifurcated in the definition of "Attest," only CPAs

can provide the services, and they must do so only through firms that either have a permit or comply with Section 7(a)(1)(C).

~~However, Sections 7, 14 and 23 also mandate that certain types of "Attest" services must be rendered only through licensed CPA Firms. Specifically, Section 7(a)(1)(C) requires licensure of an out of state firm even if it does "not have an office in this state but performs attest services described in Section 3(b)(1), (3) or (4) of this Act for a client having its home office in this state."~~

~~By identifying the other SSAE services (that is, other services but not "examinations of prospective financial information") in a different subsection (5), they, along with the services described in subsections 3(b)(2) (reviews of financial statements according to SSARS), are "Attest" services restricted to CPAs, but out of state CPA Firms rendering these services do not have to obtain a permit in every state in which they provide that type of Attest service. Hence, although both 3(b)(3) and 3(b)(5) SSAE services are "Attest" services, only those SSAE services included in 3(b)(3) must be rendered through CPA Firms licensed in every state in which the services are provided. The differentiation between these two categories of SSAE services therefore reduces the burden of multistate licensure and enhances mobility for individual licensees as well as CPA Firms.~~

This definition of "attest" includes both examinations of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE) as well as "any examination, review, or agreed upon procedures engagement, to be performed in accordance with SSAE."

~~(h) "Home office" is the location specified by the client as the address to which a service described in Section 23(a)(4) is directed.~~

~~Comment: Under this provision, as a practical matter, a firm must have a permit in the state specified by the client for Section 23(a)(4) services. Thus, for example, the client may specify that a Section 23(a)(4) service for a subpart or subsidiary of an entity be directed to the location of that subpart or subsidiary. It should also be remembered that, regardless of whether or not the firm has a permit in that state, under Section 23(a)(3), a state board has administrative jurisdiction over individual licensees as well as firms offering or rendering professional services in that state. It should also be noted that other terms such as "headquarters" and "principal place of business" were not used because of extant uses of both terms that might be confusing or defeat the purpose of the mobility revisions.~~

ih) "License" means a certificate issued under Section 6 of this Act, a permit issued under Section 7 or a registration under Section 8; or, in each case, a certificate or permit issued under corresponding provisions of prior law.

COMMENT: See commentary to ~~section~~ Section 3(j) below.

(j) “Licensee” means the holder of a license as defined in Section 3(~~j~~ h).

COMMENT: This term is intended simply to allow for briefer references in provisions that apply to holders of certificates, holders of permits and holders of registrations. See ~~section~~ Section 4(h), regarding rules to be promulgated by the Board of Accountancy; ~~section~~ Section 5(b), regarding the meaning of “good moral character” in relation to the professional responsibility of a licensee; Sections 11(c) and (d), regarding Board investigations; Sections 12(a)-(c), (i), and (k), relating to hearings by the Board; ~~section~~ Section 18, relating to confidential communications; and Sections 19(a) and (b), regarding licensees’ working papers and clients’ records. Pursuant to Section 14(p), individuals and firms using practice privileges in this State are treated as “Licensees” for purposes of other requirements and restrictions in Section 14.

- (r) “Report,” when used with reference to ~~financial statements~~ any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of ~~any~~ the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term “report” includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to and/or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance **and/or** such special knowledge or competence.

COMMENT: As has been explained in the introductory comments, the audit function, which this term is intended to define, is the principal kind of professional accounting service for which a license would be required under the Uniform Act. The term has its most important operative use in ~~section~~ Section 14(a) of the Act, which prohibits persons not licensed from performing that function as well as any attest or compilation services as defined above.

It is a point of fundamental significance that the audit function is defined, not in terms of the work actually done, but rather in terms of the issuance of an opinion or a report--that is, the making of assertions, explicit or implied--about work that has been done. It is such reports, or assertions, upon which persons using ~~financial statements~~ attested information (whether clients or third parties) rely, reliance being invited by the assertion, whether explicit or by implication, of expertise on the part of the person or firm issuing the opinion or report. Thus, this definition is sought to be drawn broadly enough to encompass all those cases where either the language of the report itself, or other language accompanying the report, carries both a positive assurance regarding the reliability of the ~~financial~~ information in question, and an implication (which may be drawn from the language of the report itself) that the person or firm issuing the report has special competence which gives substance to the assurance.

The definition includes disclaimers of opinion when they are phrased in a fashion which is conventionally understood as implying some positive assurance because authoritative accounting literature contemplates several circumstances in which a disclaimer of opinion in standard form implies just such assurances. The same reasoning that makes it appropriate to include disclaimers of opinion in conventional form within the definition of this term makes it appropriate to apply the prohibition on the issuance by unlicensed persons of reports, as so defined, on "reviews" and "compilations" and other communications with respect to "compilations" within the meaning of the AICPA's Statements on Standards for Accounting and Review Services (SSARS), when the language in which the report or other compilation communication is phrased is that prescribed by SSARS or any report that is prescribed by the AICPA's Statements on Standards for Attestation Engagements (SSAE). This is done in ~~section~~ Section 14(a). These prohibitions, again, do not apply to the services actually performed--which is to say that there is no prohibition on the performance by unlicensed persons of either reviews or compilations, in the sense contemplated by SSARS, but only on the issuance of reports or other compilation communications asserting or implying that their author has complied or will comply with the SSARS standards for such reviews and compilations and has the demonstrated capabilities so to comply.

SECTION 7

FIRM PERMITS TO PRACTICE, ATTEST AND COMPILATION COMPETENCY, AND PEER REVIEW

(a) The Board shall grant or renew permits to practice as a CPA firm to applicants that demonstrate their qualifications therefor in accordance with this Section.

(1) The following must hold a permit issued under this Section:

- (A) Any firm with an office in this state performing attest services as defined in Section 3(b) of this Act; or
 - (B) Any firm with an office in this state that uses the title "CPA" or "CPA firm"; or
 - (C) Any firm that does not have an office in this state but ~~performs offers or renders~~ attest services as described in subsections Section 3(b)(2), 3(b)(5) or 3(f) of this Act for a client having its home office in this state, unless it meets each of the ~~— A firm which does not have an office in this state may perform services described in subsections 3(b)(2) or 3(f) for a client having its home office in this state and may use the title "CPA" or "CPA firm" without a permit issued under this Section only if: following requirements:~~
 - ~~(A) — it has(i) —~~ it complies with the qualifications described in Section 7(c);
 - (ii) — it complies with the qualifications described in subsections 7(c) [ownership] and Section 7(h) [peer review], and;
 - ~~(B) — it~~ (iii) it performs such services through an individual with practice privileges under Section 23 of ~~the~~ this Act; and
 - (iv) — it can lawfully do so in the state where said individuals with practice privileges have their principal place of business.
- ~~(2) — A firm which does not have an office in this state may perform services described in subsections 3(b)(2) or 3(f) for a client having its home office in this state and may use the title "CPA" or "CPA firm" without a permit issued under this Section only if:~~
- ~~(A) — it has the qualifications described in subsections 7(c) [ownership] and 7(h) [peer review], and~~
 - ~~(B) — it performs such services through an individual with practice privileges under Section 23 of the Act.~~
- (2) ~~(3) —~~ A firm which is not subject to the requirements of Section 7(a)(1)(C) or 7(a)(2) may perform services described in Section 3(f) and other nonattest professional services while using the title "CPA" or "CPA firm" in this state without a permit issued under this Section only if:
- (A) it performs such services through an individual with practice privileges under Section 23 of the Act; and

- (B) it can lawfully do so in the state where said individuals with practice privileges have their principal place of business.

COMMENT: This Uniform Act departs from the pattern of some accountancy laws now in effect in eliminating any separate requirement for the registration of firms and of offices. The information gathering and other functions accomplished by such registration should be equally easily accomplished as part of the process of issuing firm permits under this section. The difference is, again, one of form more than of substance but one that should be kept in mind if consideration is given to fitting the permit provisions of this Uniform Act into an existing law.

As pointed out in the comment following ~~section~~ Section 3(g), above, because a CPA firm is defined to include a sole proprietorship, the permits contemplated by this section would be required of sole practitioners as well as larger practice entities. To avoid unnecessary duplication of paperwork, a Board could, if it deemed appropriate, offer a joint application form for certificates and sole practitioner firm permits.

This provision also makes it clear that firms with an office in this state may not provide attest services as defined, or call themselves CPA firms without a license in this state. Certified Public Accountants are not required to offer services to the public, other than attest services, through a CPA firm. CPAs may offer non-attest services through any type of entity they choose, and there are no requirements in terms of a certain percentage of CPA ownership for these types of entities as long as they do not call themselves a "CPA firm" or use the term "CPA" in association with the entity's name. These non-CPA firms are not required to be licensed by the State Board.

Out-of-state firms without an office in this state may provide ~~attest~~ services other than those described in Section ~~23(a)(4)~~ 3(b) for a client ~~which has its home office~~ in this state and call themselves CPA firms in this state without having a permit from this state, so long as they do so through a licensee or individual with practice privileges, and so long as they are qualified to do so under the requirements of Section 7(a)(2). ~~Depending on the services provided, and In addition, if the firm calls itself a CPA firm, such a firm is subject to the permit requirement pursuant to the requirements described in revised subsection 7(a)(2)(A) or subsection 7(a)(3)(B), whichever is applicable. Section 7(a)(1)(C), no permit is required regardless of the type of attest services or where the services are performed.~~

A firm that does not comply with ownership (Section 7(c)) and peer review (Section 7(h)) requirements must obtain a permit in a state before offering or rendering any attest service in that state.

- (b) Permits shall be initially issued and renewed for periods of not more than three years but in any event expiring on [specified date] following issuance or renewal. Applications for permits shall be made in such form, and in the case of applications for renewal, between such dates as the Board may by rule specify, and the Board shall grant or deny any such application no later than _____ days after the application is filed in proper form. In any case where the applicant seeks the opportunity to show that issuance or renewal of a permit was mistakenly denied or

where the Board is not able to determine whether it should be granted or denied, the Board may issue to the applicant a provisional permit, which shall expire ninety days after its issuance or when the Board determines whether or not to issue or renew the permit for which application was made, whichever shall first occur.

COMMENT: See the comment following ~~section~~ Section 6(b) regarding the renewal period.

(c) An applicant for initial issuance or renewal of a permit to practice under this Section shall be required to show that:

- (1) Notwithstanding any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members or managers, belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members or managers, whose principal place of business is in this state, and who perform professional services in this state hold a valid certificate issued under Section 6 of this Act or the corresponding provision of prior law or are public accountants registered under Section 8 of this Act. Although firms may include non-licensee owners, the firm and its ownership must comply with rules promulgated by the Board. For firms of public accountants, at least a simple majority of the ownership of the firm, in terms of financial interests and voting rights, must belong to holders of registrations under Section 8 of this Act. An individual who has practice privileges under Section 23 who performs services for which a firm permit is required under Section 23(a)(4) shall not be required to obtain a certificate from this state pursuant to Section 6 of this Act.**

COMMENT: The limitation of the requirement of certificates to partners, officers, shareholders, members and managers who have their principal place of business in the state is intended to allow some latitude for occasional visits and limited assignments within the state of firm personnel who are based elsewhere. If those out-of-state individuals qualify for practice privileges under Section 23 and do not have their principal places of business in this state, they do not have to be licensed in this state. In addition, the requirement allows for non-licensee ownership of licensed firms.

(2) Any CPA or PA firm as defined in this Act may include non-licensee owners provided that:

- (A) The firm designates a licensee of this state, or in the case of a firm which must have a permit pursuant to Section 23(a)(4) a licensee of another state who meets the requirements set out in Section 23(a)(1) or in Section 23(a)(2), who is responsible for the proper registration of the firm and identifies that individual to the Board.**

- (B) All non-licensee owners are of good moral character and active individual participants in the CPA or PA firm or affiliated entities.
 - (C) The firm complies with such other requirements as the ~~board~~ Board may impose by rule.
- (3) Any individual licensee and any individual granted practice privileges under this Act who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on ~~the financial statements on behalf of the firm,~~ shall meet the competency requirements set out in the professional standards for such services.
 - (4) Any individual licensee and any individual granted practice privileges under this Act who signs or authorizes someone to sign the accountants' report on ~~the financial statements on behalf of the firm~~ shall meet the competency requirement of the prior subsection.

COMMENT: Because of the greater sensitivity of attest and compilation services, professional standards should set out an appropriate competency requirement for those who supervise them and sign attest or compilation reports. However, the accountant's report in such engagements may be supervised, or signed, or the signature authorized for the CPA firm by a practice privileged individual.

SECTION 14

UNLAWFUL ACTS

- (a) Only licensees and individuals who have practice privileges under Section 23 of this Act may issue a report on financial statements of any person, firm, organization, or governmental unit or offer to render or render any attest or compilation service, as defined herein. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties as such; or prohibit the performance by any non-licensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. Non-licensees may prepare financial statements and issue non-attest transmittals or information thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS).

COMMENT: This provision, giving application to the definition of attest in Section 3(b) and report in ~~section~~ Section 3(~~sr~~) above, is the cornerstone prohibition of the Uniform Act, reserving the performance of those professional services calling upon the highest degree of professional skill and having greatest consequence for persons using financial statements attested information--namely, the audit function and other attest and compilation services as defined herein -- to licensees. It is so drafted as to make as clear and emphatic as possible the limited

nature of this exclusively reserved function and the rights of unlicensed persons to perform all other functions. ~~This wording addresses concerns that this exemption could otherwise, by negative implication, allow non-licensees to prepare any report on a financial statement other than a SSARS i.e., other attestation standards.~~ Consistent with Section 23, individuals with practice privileges may render these reserved professional services to the same extent as licensees in this state.

This provision is also intended to extend the reservation of the audit function to other services that also call for special skills and carry particular consequence for users of such other services of financial statements attest information albeit in each respect to a lesser degree than the audit function ~~namely,~~. Thus, reserved services include the performance of compilations and reviews of financial statements, in accordance with the AICPA's Statements on Standards for Accounting and Review Services, which set out the standards to be met in a compilation or review and specify the form of communication to management or report to be issued. and Also reserved to licensees are attestation engagements performed in accordance with Statements on Standards for Attestation Engagements which set forth the standards to be met and the reporting on the engagements enumerated in the SSAEs. The subsection is intended to prevent issuance by non-licensees of reports or communication to management using that standard language or language deceptively similar to it. Safe harbor language which may be used by non-licensees is set out in Model Rule 14-2.

- (b) **Licensees and individuals who have practice privileges under Section 23 of this Act performing attest or compilation services must provide those services in accordance with applicable professional standards.**
- (c) **No person not holding a valid certificate or a practice privilege pursuant to Section 23 of this Act shall use or assume the title "certified public accountant," or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant.**

COMMENT: This subsection prohibits the use by persons not holding certificates, or practice privileges, of the two titles, "certified public accountant" and "CPA," that are specifically and inextricably tied to the granting of a certificate as certified public accountant under ~~section~~ Section 6.

- (d) **No firm shall provide attest services or assume or use the title "certified public accountants," or the abbreviation "CPAs," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is a CPA firm unless (1) the firm holds a valid permit issued under Section 7 of this Act, and (2) ownership of the firm is in accord with this Act and rules promulgated by the Board.**

COMMENT: Like the preceding subsection, this one restricts use of the two titles "certified public accountants" and "CPAs," but in this instance by firms, requiring the holding of a firm

permit to practice unless they qualify for exemption as explained in Section 14(p). It also restricts unlicensed firms from providing attest services.

- (e) **No person shall assume or use the title “public accountant,” or the abbreviation “PA,” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a public accountant unless that person holds a valid registration issued under Section 8 of this Act.**

COMMENT: This subsection, and the one that follows, reserve the title “public accountant” and its abbreviation in the same fashion as subsections (c) and (d) do for the title “certified public accountant” and its abbreviation. The two provisions would of course only be required in a jurisdiction where there were grandfathered public accountants as contemplated by ~~section~~ Section 8.

- (f) **No firm not holding a valid permit issued under Section 7 of this Act shall provide attest services or assume or use the title “public accountant,” the abbreviation “PA,” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is composed of public accountants.**

COMMENT: See the comments following subsections (d) and (e).

- (g) **No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act, shall assume or use the title “certified accountant,” “chartered accountant,” “enrolled accountant,” “licensed accountant,” “registered accountant,” “accredited accountant,” or any other title or designation likely to be confused with the titles “certified public accountant” or “public accountant,” or use any of the abbreviations “CA,” “LA,” “RA,” “AA,” or similar abbreviation likely to be confused with the abbreviations “CPA” or “PA.” The title “Enrolled Agent” or “EA” may only be used by individuals so designated by the Internal Revenue Service.**

COMMENT: This provision is intended to supplement the prohibitions of subsections (c) through (f) on use of titles by prohibiting other titles that may be misleadingly similar to the titles specifically reserved to licensees or that otherwise suggest that their holders are licensed.

- (h)(1) **Non-licensees may not use language in any statement relating to the ~~financial~~ affairs of a person or entity which is conventionally used by licensees in reports on financial statements or any attest service as defined herein. In this regard, the Board shall issue safe harbor language non-licensees may use in connection with such financial information.**
- (2) **No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use any title or designation that includes the words “accountant,” “auditor,” or “accounting,” in connection with any other language (including the language of a report) that implies that such person or firm holds such a certificate, permit, or registration or has special**

competence as an accountant or auditor, provided, however, that this subsection does not prohibit any officer, partner, member, manager or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds therein nor prohibit any act of a public official or employee in the performance of the person's duties as such.

COMMENT: This provision clarifies the language and titles that are prohibited for non-licensees. Like the preceding subsection, subsection (h)(2) of this provision is intended to supplement the prohibitions of subsections (c) through (f), by prohibiting other titles which may be misleadingly similar to the specifically reserved titles or that otherwise suggest licensure. In the interest of making the prohibition against the issuance by unlicensed persons of reports on audits, reviews, ~~and compilations~~ and reports issued under the SSAE as tight and difficult to evade as possible, there is also some overlap between this provision and the prohibitions in subsection (a). Safe harbor language is set out in Rule 14-2.

- (i) No person holding a certificate or registration or firm holding a permit under this Act shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers or shareholders of the firm, or about any other matter, provided, however, that names of one or more former partners, members, managers or shareholders may be included in the name of a firm or its successor. A common brand name, including common initials, used by a CPA Firm in its name, is not misleading if said firm is a Network Firm as defined in the AICPA Code of Professional Conduct ("Code") in effect July 1, 2011 and, when offering or rendering services that require independence under AICPA standards, said firm must comply with the Code's applicable standards on independence.

COMMENT: With regard to use of a common brand name or common initials by a Network Firm, this language should be considered in conjunction with Rules 14-1(c) and (d), which provide further clarity and guidance.

- (j) None of the foregoing provisions of this Section shall have any application to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy or its equivalent in such country, whose activities in this State are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds such entitlement, who performs no attest or compilation services as defined in this Act and who issues no reports as defined in this Act with respect to ~~the financial statements~~ information of any other persons, firms, or governmental units in this State, and who does not use in this State any title or designation other than the one under which the person practices in such country, followed by a translation of such title or designation into the English language, if it is in a different language, and by the name of such country.

COMMENT: The right spelled out in this provision, of foreign licensees to provide services in the state to foreign-based clients, looking to the issuance of reports only in foreign countries, is essentially what foreign licensees have a right to do under most laws now in effect, simply because no provision in those laws restricts such a right. The foreign titles used by foreign licensees might otherwise run afoul of standard prohibitions with respect to titles (such as one on titles misleadingly similar to “CPA”), but this provision would grant a dispensation not found in most laws now in force.

- (k) **No holder of a certificate issued under Section 6 of this Act or a registration issued under Section 8 of this Act shall perform attest services through any business form that does not hold a valid permit issued under Section 7 of this Act.**

COMMENT: See the comments following Sections 6(a), 7(a), and 8.

- (l) **No individual licensee shall issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under Section 7 of this Act unless the report discloses the name of the business through which the individual is issuing the report, and the individual:**

- (1) **signs the compilation report identifying the individual as a CPA or PA,**
- (2) **meets the competency requirement provided in applicable standards, and**
- (3) **undergoes no less frequently than once every three years, a peer review conducted in such manner as the Board shall by rule specify, and such review shall include verification that such individual has met the competency requirements set out in professional standards for such services.**

- (m) **Nothing herein shall prohibit a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney’s professional work in the practice of law.**

- (n)(1) **A licensee shall not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when the licensee also performs for that client,**

- (A) **an audit or review of a financial statement; or**
- (B) **a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee’s compilation report does not disclose a lack of independence; or**

- (C) an examination of prospective financial information

This prohibition applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in such listed services.

- (2) A licensee who is not prohibited by this section from performing services for or receiving a commission and who is paid or expects to be paid a commission shall disclose that fact to any person or entity to whom the licensee recommends or refers a product or service to which the commission relates.
- (3) Any licensee who accepts a referral fee for recommending or referring any service of a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.

- (o)(1) A licensee shall not:

- (A) perform for a contingent fee any professional services for, or receive such a fee from a client for whom the licensee or the licensee's firm performs,
- (i) an audit or review of a financial statement; or
- (ii) a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or
- (iii) an examination of prospective financial information.; or
- (B) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

- (2) The prohibition in (1) above applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.
- (3) Except as stated in the next sentence, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. A licensee's fees may vary depending, for example, on the complexity of services rendered.

COMMENT: Section 14(n) on commissions is based on Rule 503 of the AICPA Code of Professional Conduct. Section 14(o) on contingent fees is based on Rule 302 of the AICPA Code of Professional Conduct.

- (p) Notwithstanding anything to the contrary in this Section, it shall not be a violation of this Section for a firm which does not hold a valid permit under Section 7 of this Act and which does not have an office in this state to use the title "CPA" or "Certified Public Accountants" as a part of the firm's name and to provide its professional services in this state, and licensees and individuals with practice privileges may provide services on behalf of such firms so long as ~~it~~ the firm complies with the requirements of Section 7(a)(1)(C) or Section 7(a)(2) ~~or 7(a)(3)~~, whichever is applicable. An individual or firm authorized under this provision to use practice privileges in this state shall comply with the requirements otherwise applicable to licensees in Section 14 of this Act.

COMMENT: Section 14(p) has been added along with revisions to Sections 23 and 7, to provide that as long as an out-of-state firm complies with the requirements of ~~new~~ Section 7(a)(21)(C) or 7(a)(32), whichever is applicable, it can do so through practice privileged individuals without a CPA firm permit from this state. The addition of the last sentence of this Section 14(p) makes certain other provisions of Section 14 that otherwise pertain only to "licensees" (specifically, Sections 14 (h), (k), (l), (n), and (o)) directly applicable to individuals and firms which are exempt from licensing or permit requirements in this state.

SECTION 23 SUBSTANTIAL EQUIVALENCY

- (a) (4) An individual who has been granted practice privileges under this section who, ~~for any entity with its home office in this state,~~ performs any ~~of the following services:~~
- ~~(A) any financial statement audit or other engagement to be performed in accordance with Statements on Auditing Standards;~~
 - ~~(B) any examination of prospective financial information to be performed in accordance with Statements on Standards for Attestation Engagements; or~~
 - ~~(C) any engagement to be performed in accordance with PCAOB auditing standards;~~

May attest service described in Section 3(b) may only do so through a firm which meets the requirements of Section 7(a)(1)(C) or which has obtained a permit issued under Section 7 of this Act.

COMMENT: Subsection 23(a)(3) is intended to allow state boards to discipline licensees from other states that practice in their state. If an individual licensee is using these practice privileges to offer or render professional services in this state on behalf of a firm, Section 23(a)(3) also facilitates state board jurisdiction over the firm as well as the individual licensee even if the firm is not required to obtain a permit in this state. Under Section 23(a), State Boards could utilize the NASBA National Qualification Appraisal Service for determining whether another state's certification criteria are "substantially equivalent" to the national standard outlined in the AICPA/NASBA Uniform Accountancy Act. If a state is determined to be "substantially equivalent," then individuals from that state would have ease of practice rights in other states. Individuals who personally meet the substantial equivalency standard may also apply to the National Qualification Appraisal Service if the state in which they are licensed is not substantially equivalent to the UAA.

Individual CPAs who practice across state lines or who service clients in another state via electronic technology would not be required to obtain a reciprocal certificate or license if their state of original certification is deemed substantially equivalent, or if they are individually deemed substantially equivalent. However, licensure is required in the state where the CPA has their principal place of business. If a CPA relocates to another state and establishes their principal place of business in that state or if a firm performs any of the services described in Section 23(a)(4) and does not qualify for exemption under Section 7(a)(1)(C), then they would be required to obtain a license certificate in that state. ~~As a result of the elimination of any notification requirement combined with the automatic jurisdiction over any firm that has employees utilizing practice privileges in the state, former subsections 7(i) and 7(j) have been deleted.~~

~~Unlike prior versions of this Section, the revised~~ The provision provides that practice privileges shall be granted and that there shall be no notification. With the strong addition of a stronger Consent requirement (subsection 23(a)(3)), (i) there appears to be no need for individual notification_ since the nature of an enforcement complaint would in any event require the identification of the CPA, (ii) online licensee databases have greatly improved, and (iii) both the individual CPA practicing on the basis of substantial equivalency as well as the individual's employer will be subject to enforcement action in any state under Section 23(a)(3) regardless of a notification requirement.

Implementation of the "substantial equivalency" standard and creation of the National Qualification Appraisal Service have made a significant improvement in the current regulatory system and assist in accomplishing the goal of portability of the CPA title and mobility of CPAs across state lines.

Section 23(a)(4) clarifies situations in which the individual could be required to provide services through a CPA firm holding a permit issued by the state in which the individual is using practice privileges in providing attest services.

Section 23(a)(4) in conjunction with companion revisions to Sections 3, 7 and 14, ~~still provide that an enhanced firm mobility by allowing the individual with to use practice privileges cannot do the following as an employee of in providing attest services through a firm unless the firm holds with a CPA firm permit from this any state:~~

- ~~• perform an examination of prospective financial information in accordance so long as the firm complies with SSAE for any entity with its home the ownership and peer review requirements. Such firms would only need to obtain permits from states in which they have an office. in this state~~

~~perform an engagement. The types of attest services and where the services are performed would not matter. Any firm that does not satisfy both requirements (ownership and peer review) would have to obtain a permit in accordance with PCAOB standards for any entity with its home office the state in this state which the firm is providing attest services.~~

- ~~• perform an audit or other engagement in accordance with SAS for any entity with its home office in this state~~

In order to be deemed substantially equivalent under Section 23(a)(1), a state must adopt the 150-hour education requirement established in Section 5(c)(2). A few states have not yet implemented the education provision. In order to allow a reasonable transition period, Section 23(a)(2) provides that an individual who has passed the Uniform CPA examination and holds an active license from a state that is not yet substantially equivalent may be individually exempt from the 150-hour education requirement and may be allowed to use practice privileges in this state if the individual was licensed prior to January 1, 2012.

Section 23(a)(3)(D) simplifies state board enforcement against out-of-state persons using practice privileges by requiring consent to appointment of the state board of the person's principal place of business for service of process. This important provision facilitates the prerogative of the state board to administratively discipline or revoke the practice privilege. This provision supplements Section 9, which provides for the appointment of the Secretary of State as the agent upon whom process may be served in any action or proceeding against the applicant arising out of any transaction or operation connected with or incidental to services performed by the applicant while a licensee within this State.



Susan L. Somers, Executive Director

Board of Accountancy

Sam Brownback, Governor

October 21, 2013

VIA EMAIL

Ken Odom, CPA, Chair
NASBA UAA Committee

Stephen S. McConnel, CPA, Chair
AICPA UAA Committee

Dear Mr. Odom and Mr. McConnel:

On October 18, 2013, the Kansas Board of Accountancy met and reviewed the UAA Exposure Draft relating to firm mobility. Thereafter, the Board members expressed unanimous opposition to the concept of firm mobility as proposed. As a result, the Board will not support adoption of the firm mobility concept as expressed in the UAA. The Board does not believe that firm mobility, as proposed, is in the best interest of the public.

Very truly yours,

Kathryn J. Mitchell, CPA
Chair

KJM:sls

cc: Ken Bishop, NASBA President and CEO
Gaylen R. Hansen, CPA, NASBA Chair
Noel Allen, Esq. NASBA Legal Counsel
Boards of Accountancy



NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY



CANDIDATE CONCERNS 1303

CANDIDATE CARE DEPARTMENT

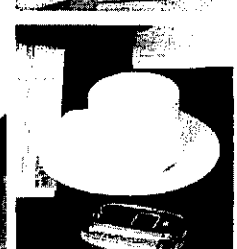
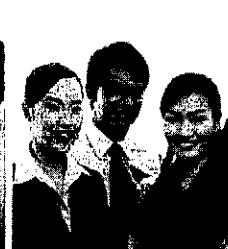
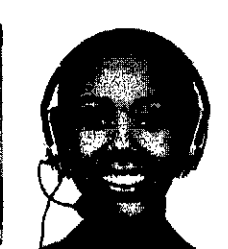
JULY 1-AUGUST 31, 2013



PENNY VERNON, MANAGER



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CANDIDATE CARE CONCERNS

13Q3

JULY 1-AUGUST 31, 2013

This report reviews examination issues presented by CPA candidates to NASBA's Candidate Care Department during the 13Q3 testing window.

Middle East Concerns:

At the beginning of the 13Q3 testing window due to the evolving situation in the Middle East, several of Prometric's sites had to be closed for a couple of days. Prometric kept in close contact with the personnel and candidates were rescheduled. NASBA's Candidate Care Department received emails from candidates in Egypt who were unable to travel to take their exams because the airport had been closed. Each was handled on a case by case basis and extensions were made to NTSs as necessary.

At the end of the window Prometric experienced a communication issue in the United Arab Emirates. Prometric contacted all impacted candidates to accommodate them and make sure that every candidate was rescheduled. They also made additional appointments available during the first week of September. Those requiring extensions to NTSs and those who were about to lose credit for passed parts were instructed to contact NASBA's Candidate Care Department for assistance.

Late Score Release:

The AICPA was not able to meet the target release date of 8/22/13. The information was posted on NASBA's website and on also through social media to alert candidates who were expecting their scores. The AICPA released the scores to NASBA on 8/23/13 and scores were subsequently released to candidates within 24 hours.

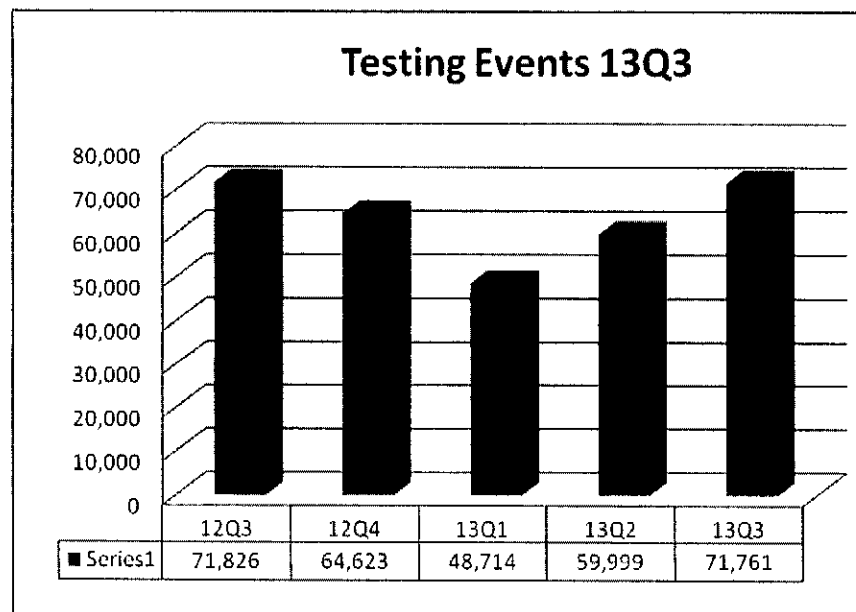
ADA accommodations:

There were a record number of examinations administered with testing accommodations during the July-August window. 349 ADA candidates sat for 517 examination sections. 6 exams were multi-day administrations, and 9 exams were administered at international locations.

As of August 2013, candidates approved for time and a half and double time only are now able to schedule their exams online at www.prometric.com/CPA. However, candidates approved for more than one accommodation must still contact the Prometric Testing Accommodations department to schedule at 1-800-967-1139.

NASBA Store:

CPA candidates are able to avail themselves of many individual products and services based on individual Board needs through the NASBA store. Score transfers, score reprints, License Verifications, Secondary Candidate Identification Cards and License Cards are available on an individual basis.



Test Anxiety:

In my 10 years of working as manager of NASBA's Candidate Care Department I have become aware of a common theme presented by candidates who experience difficulties related to testing. Often, if a candidate faces something connected with the testing experience that is unexpected they react with what is commonly called test anxiety. This causes them to panic, lose focus and concentration and interfere in the ability to perform to their level of skill. In keeping with our mission and in an effort to assist your candidates in relieving this debilitating reaction I wrote a series of three blogs that are posted on NASBA's website related to this topic.

These blogs are designed to be informative as well as instructional and hopefully will help candidates to reduce the level of stress associated with attempting to achieve their lifechanging goal of becoming a CPA.

As always, we are proud to have the opportunity to assist your candidates. For the most part they are professional and hard-working individuals. We hope that our caring will assist them on their quest to professional development.

SUMMARY OF CANDIDATE CONCERNS:

Candidate Concerns: Categories and Totals					
Window	12Q3	12Q4	13Q1	13Q2	13Q3
Category					
AICPA & Test Content	6	6	3	13	28
Candidate Error	74	57	58	69	74
Confirmation of Attendance	105	102	79	119	147
Environment	70	253	84	17	0
International Exam	255	177	137	176	127
Prometric Scheduling Issues	18	12	13	8	18
Prometric Site Issues	56	37	36	39	53
Technical	85	100	107	73	115
Total	670	744	517	514	562
*Coordinator follow-up	83	72	39	44	174
*CPAES & NCD	72	79	71	58	151
TOTAL	825	895	627	616	887

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

In July, my associate for the past 8 years Dr. Bruce Costain retired. NASBA was sorry to see him leave, but recognizes his desire to continue on his own life path. In the future, if you have any concerns or questions please contact me directly at pvernon@nasba.org or 615-880-4209.

Penny Vernon, Manager Candidate Care