



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

301 E. 14th Street, Suite 200
Sioux Falls, SD 57104
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www.accountancy.sd.gov

Agenda
South Dakota Board of Accountancy Meeting
Conference Call
9:00 a.m. (CT)
December 8, 2016

A=Action
D=Discussion
I=Information

A-Approval of Minutes of Meeting October 27, 2016.....	2-3
A-Approval of Certificates & Firm Permits.....	4-5
A-Approval of Financial Statements through October 2016.....	6-17
A-Request from Licensee.....	18
D-Executive Director's Report.....	19
AICPA	
D-AICPA Board of Examiners Meeting Highlights September 29-30, 2016.....	20-24
NASBA	
D-Board of Directors meeting minutes July 22, 2016.....	25-32
D-Board of Directors meeting highlights October 28 & November 1, 2016, 2016.....	33-35
D-Regional Directors Focus Questions Executive Summary & Report.....	36-54
A-Regional Directors Focus Questions.....	55-57
D-Candidate Concerns 3Q16.....	58-61
EXECUTIVE SESSION	
Equivalent Reviews and South Dakota Reviews for Board Approval.....	Spt. Pkt.
FUTURE MEETING DATES (all times CT)	
January 20, 2017 – 9:00 Conference Call	
March 24, 2017 – 9:00 Conference Call	



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South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
October 27, 2016 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Thursday, October 27, 2016. Chair David Pummel called the meeting to order at 9:03 a.m.

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

Also present were Nicole Kasin, Executive Director, Julie Iverson, Sr. Secretary, and Graham Oey, Legal Counsel and Department of Labor & Regulation.

Chair David Pummel asked if there were any additions to the agenda. The following were added:
Additions to Peer Review

A motion was made by Marty Guindon and seconded by John Linn, Jr. to approve the agenda. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by John Mitchell and seconded by Jeff Smith to approve the September 27, 2016 meeting minutes. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by Holly Brunick and seconded by John Linn, Jr. to approve the issuance of individual certificates and firm permits through October 20, 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The board discussed the financials. A motion was made by Marty Guindon and seconded by John Linn, Jr. to approve the financial statements through September 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board reviewed the report on the CPA exam grades for the 50th Window.

A motion was made by John Mitchell and seconded by Holly Brunick to approve the CPA exam scores for the 50th Window through September 2016. A roll call was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

Executive Director Kasin discussed her report with an update on the new database and CPE audits.

The Board discussed the necessity of having an audit performed.

A motion was made by Jeff Smith and seconded by Holly Brunick to enter into executive session for the deliberative process for peer reviews, peer review follow-ups, and Audit Proposals for Board approval. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board came out of executive session.

A motion was made by John Mitchell and seconded by Marty Guindon to accept the peer reviews and follow-ups as discussed in executive session. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by Marty Guindon and seconded by Jeff Smith to accept the audit proposal as discussed in executive session. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

FUTURE MEETING DATES (all times CT)

December 8, 2016 - 9:00 a.m. conference call

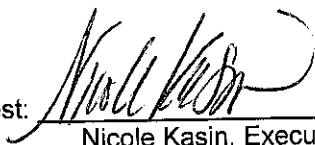
January 20, 2017 - 9:00 a.m. conference call

March 24, 2017 - 9:00 a.m. conference call

A motion was made by Marty Guindon and seconded by Holly Brunick to adjourn the meeting. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 9:41 a.m.

Attest:



Nicole Kasin, Executive Director



David Pummel, CPA, Chair



Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through December 1, 2016

Number	Name	Date Issued	Location
3291	Russell David Forrest	10/26/16	Luverne, MN
3292	Caleb William Veurink	10/26/16	Minneapolis, MN
3293	Kendell Margaret Smith	11/16/16	Omaha, NE
3294	Carlye Jo Williams	11/23/16	Sioux Falls, SD

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

**Issued Through
December 1, 2016**

Number	Name	Date Issued	Basis/Comments
1680	Casey Peterson, Ltd. Rapid City, SD	10/26/16	Name Change
1681	Christianson PLLP Willmar, MN	10/31/16	Name Change
1682	Anderson Zurmuehlen & Co., P.C. Helena, MT	11/23/16	New Firm

BA1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 10/31/2016

PAGE

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	487,166.24	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			487,166.24	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			487,166.24	DR **	
BUDGET UNIT TOTAL 1031			487,166.24	DR ***	

AGENCY BUDGET CENTER	UNIT	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMPANY NO	COMPANY NAME	PROFESSIONAL & LICENSING BOARDS	DOCUMENT NUMBER	POSTING DATE	JV APEVL # OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	51010100	CGEX161012	10/14/2016		2,204.37	DR						
6503	103100061802	51010100	F-T EMP SAL & WAGES	10/14/2016		2,204.37	DR						
6503	103100061802	51010200	CGEX161012	10/14/2016		959.47	DR						
6503	103100061802	51010200	P-T/TEMP EMP SAL & WAGES	10/14/2016		959.47	DR						
6503	103100061802	51010300	CGEX161012	10/14/2016		240.00	DR						
6503	103100061802	51010300	BOARD & COMM MBR'S FEES	10/14/2016		240.00	DR						
6503	103100061802	51020100	CGEX161012	10/14/2016		3,403.84	DR						
6503	103100061802	51020100	EMPLOYEE SALARIES	10/14/2016		226.88	DR						
6503	103100061802	51020100	CGEX161012	10/14/2016		226.88	DR						
6503	103100061802	51020200	CGEX161012	10/14/2016		189.84	DR						
6503	103100061802	51020200	RETIREMENT-ER SHARE	10/14/2016		189.84	DR						
6503	103100061802	51020600	CGEX161012	10/14/2016		720.72	DR						
6503	103100061802	51020600	HEALTH/LIFE INS.-ER SHARE	10/14/2016		720.72	DR						
6503	103100061802	51020800	CGEX161012	10/14/2016		3.78	DR						
6503	103100061802	51020800	WORKER'S COMPENSATION	10/14/2016		3.78	DR						
6503	103100061802	51020900	CGEX161012	10/14/2016		1.22	DR						
6503	103100061802	51020900	UNEMPLOYMENT COMPENSATION	10/14/2016		1.22	DR						
6503	103100061802	52041600	0927716-	10/05/2016		2,780.00	DR						
6503	103100061802	52041600	WORKSHOP REGISTRATION FEE	10/21/2016		2,780.00	DR						
6503	103100061802	52042000	PL708057	10/26/2016		162.47	DR						
6503	103100061802	52042000	RM709048	10/26/2016		73.92	DR						
6503	103100061802	52042200	IN329258	10/14/2016		236.39	DR						
6503	103100061802	52042200	CENTRAL SERVICES	10/14/2016		236.39	DR						
6503	103100061802	52042300	17-018 JUL-JUN17	10/26/2016		73.14	DR						
6503	103100061802	52042300	EQUIPMENT SERV & MAINT	10/26/2016		73.14	DR						
6503	103100061802	52044230	JANITORIAL & MAINT SERV	10/31/2016		130.34	DR						
6503	103100061802	52044900	ACCOUNTMENT2017	10/31/2016		1,269.45	DR						
6503	103100061802	52044900	RENTS-PRIVATE OWNED PROP.	10/19/2016		1,269.45	DR						
6503	103100061802	52045100	455785	10/19/2016		318.04	DR						
6503	103100061802	52045100	RENTS-OTHER	10/19/2016		318.04	DR						

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 10/31/2016

AGENCY UNIT 10 1031 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	103100061802	52045300	10/21/2016					93.93	DR
		TL709153							
		OBJSUB: 5204530						93.93	DR *
		TELECOMMUNICATIONS SRVCS							
6503	103100061802	52045400	10/05/2016	02177365	XCELENERGY	12023853		50.15	DR
		517401157							
		OBJSUB: 5204540						50.15	DR *
		ELECTRICITY							
6503	103100061802	52047400	10/12/2016	276430				152.05	DR
		CI107A-018							
		OBJSUB: 5204740						152.05	DR *
		BANK FEES AND CHARGES							
6503	103100061802	52049600	10/19/2016					144.00	DR
		N297-031							
		OBJSUB: 5204960						144.00	DR
		OTHER CONTRACTUAL SERVICE							
6503	103100061802	52049600	10/21/2016	00353391	NATLASSNST	12005047		4,342.70	DR
		13729409							
		OBJSUB: 5204960						4,486.70	DR *
		OTHER CONTRACTUAL SERVICE							
6503	103100061802	52050200	10/21/2016	00353421	OFFICEMAX	12015967		9,590.19	DR **
		207651						60.02	DR
		OBJSUB: 5205020						60.02	DR *
		OFFICE SUPPLIES							
6503	103100061802	52050280	10/31/2016	02180923	BROWNSAENG	12028533		31.97	DR
		2127531-0							
		OBJSUB: 5205028						31.97	DR *
		OFFICE SUPPLIES							
6503	103100061802	52053200	10/14/2016	00351230	BUSINESSPR	12003048		41.40	DR
		41735							
		OBJSUB: 5205320						41.40	DR *
		PRINTING-COMMERCIAL							
6503	103100061802	52053500	10/21/2016	00354002	USPOSTALSR	12005421		1,000.00	DR
		101216							
		OBJSUB: 5205350						1,000.00	DR *
		POSTAGE							
		SUPPLIES & MATERIALS							
6503	103100061802	52280000	10/14/2016					749.50	DR *
		T107-027							
		OBJSUB: 5228000						749.50	DR *
		OPER TRANS OUT -NON BUDGT							
		NONOP EXP/NONBUDG OF TR							
		OPERATING EXPENSES							
		GROUP: 52						11,473.08	DR ****
		COMP: 6503						16,019.36	DR ****
		CNTR: 103100061802						16,019.36	DR ****
		B. UNIT: 1031						16,019.36	DR ****

South Dakota Board of Accountancy
Balance Sheet
As of October 31, 2016

	Oct 31, 16
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	3,592.98
1140000 · Pool Cash State of SD	487,166.24
Total Checking/Savings	490,759.22
Other Current Assets	
1131000 · Interest Income Receivable	8,148.45
1213000 · Investment Income Receivable	1,149.12
Total Other Current Assets	9,297.57
Total Current Assets	500,056.79
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
Total 1670000 · Computer Software	0.00
Total Fixed Assets	0.00
TOTAL ASSETS	500,056.79
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	10,534.73
Total Accounts Payable	10,534.73
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,530.77
2810000 · Amounts Held for Others	23,374.44
Total Other Current Liabilities	30,905.21
Total Current Liabilities	41,439.94
Long Term Liabilities	
2960000 · Compensated Absences Payable	17,470.51
Total Long Term Liabilities	17,470.51
Total Liabilities	58,910.45
Equity	
3220000 · Unrestricted Net Assets	263,036.79
3900 · Retained Earnings	39,487.23
Net Income	138,622.32
Total Equity	441,146.34
TOTAL LIABILITIES & EQUITY	500,056.79

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through October 2016

	Jul - Oct 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,400.00	2,800.00	-1,400.00	50.0%
4293551 · Certificate Renewals-Active	59,400.00	58,000.00	1,400.00	102.4%
4293552 · Certificate Renewals-Inactive	19,250.00	21,000.00	-1,750.00	91.7%
4293553 · Certificate Renewals-Retired	1,200.00	1,000.00	200.00	120.0%
4293554 · Initial Firm Permits	400.00	700.00	-300.00	57.1%
4293555 · Firm Permit Renewals	13,450.00	15,500.00	-2,050.00	86.8%
4293557 · Initial Audit	150.00	900.00	-750.00	16.7%
4293558 · Re-Exam Audit	840.00	2,460.00	-1,620.00	34.1%
4293560 · Late Fees-Initial Certificate	100.00	0.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,200.00	3,000.00	-800.00	73.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	400.00	600.00	-200.00	66.7%
4293564 · Late Fees-Peer Review	350.00	1,300.00	-950.00	26.9%
4293566 · Firm Permit Owners	-20.00			
5208003 · REFUNDS	102,125.00	105,000.00	-2,875.00	97.3%
4293566 · Firm Permit Owners - Other				
Total 4293566 · Firm Permit Owners	102,105.00	105,000.00	-2,895.00	97.2%
4293567 · Peer Review Admin Fee	225.00	5,650.00	-5,425.00	4.0%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	100.0%
4293569 · Initial FAR	300.00	1,140.00	-840.00	26.3%
4293570 · Initial REG	240.00	660.00	-420.00	36.4%
4293571 · Initial BEC	210.00	930.00	-720.00	22.6%
4293572 · Re-Exam FAR	840.00	1,860.00	-1,020.00	45.2%
4293573 · Re-Exam REG	810.00	2,310.00	-1,500.00	35.1%
4293574 · Re-Exam BEC	840.00	2,310.00	-1,470.00	36.4%
4491000 · Interest and Dividend Revenue	5,466.12	4,000.00	1,466.12	136.7%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	210,276.12	232,220.00	-21,943.88	90.6%
Gross Profit	210,276.12	232,220.00	-21,943.88	90.6%
Expense				
5101010 · F-T Emp Sal & Wages	19,329.93	76,588.00	-57,258.07	25.2%
5101020 · P-T/Temp Emp Sal & Wages	7,554.41	31,035.00	-23,480.59	24.3%
5101030 · Board & Comm Mbrs Fees	1,860.00	4,683.00	-2,823.00	39.7%
5102010 · OASI-Employer's Share	1,930.99	8,281.00	-6,350.01	23.3%
5102020 · Retirement-ER Share	1,613.04	6,495.00	-4,881.96	24.8%
5102060 · Health /Life Ins.-ER Share	5,779.51	20,968.00	-15,188.49	27.6%
5102080 · Worker's Compensation	32.20	43.00	-10.80	74.9%
5102090 · Unemployment Insurance	10.42	108.00	-97.58	9.6%
5203010 · Auto--State Owned	0.00	800.00	-800.00	0.0%
5203020 · Auto-Private-Ownes Low Mileage	364.78	400.00	-35.22	91.2%
5203030 · In State-Auto- Priv. High Miles	779.52	1,500.00	-720.48	52.0%
5203100 · In State-Lodging	564.10	1,000.00	-435.90	56.4%
5203120 · In State-Incidentals to Travel	25.00	100.00	-75.00	25.0%
5203140 · InState-Tax Meals Not OverNigt	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNigt	240.00	400.00	-160.00	60.0%
5203230 · OS-Auto Private High Mileage	335.16	100.00	235.16	335.2%
5203260 · OS-Air Commercial Carrier	2,165.60	6,000.00	-3,834.40	36.1%
5203280 · OS-Other Public Carrier	257.35	500.00	-242.65	51.5%
5203300 · OS-Lodging	2,055.15	7,800.00	-5,744.85	26.3%
5203320 · OS-Incidentals to Travel	230.00	450.00	-220.00	51.1%
5203350 · OS-Non-Taxable Meals Overnight	297.00	1,300.00	-1,003.00	22.8%
5204010 · Subscriptions	0.00	1,000.00	-1,000.00	0.0%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,100.00	-7,100.00	0.0%
5204050 · Consultant Fees - Computer	0.00	15,000.00	-15,000.00	0.0%
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	2,780.00	6,000.00	-3,220.00	46.3%
5204180 · Computer Services-State	2,045.70	6,000.00	-3,954.30	34.1%
5204181 · Computer Development Serv-State	0.00	5,000.00	-5,000.00	0.0%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July through October 2016

	<u>Jul - Oct 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5204200 · Central Services	1,943.85	9,000.00	-7,056.15	21.6%
5204220 · Equipment Service & Maintenance	13.57	300.00	-286.43	4.5%
5204230 · Janitorial/Maintenance Services	521.36	1,600.00	-1,078.64	32.6%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%
5204460 · Equipment Rental	887.00	4,000.00	-3,113.00	22.2%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	5,077.80	15,234.00	-10,156.20	33.3%
5204510 · Rent-Other	318.04	500.00	-181.96	63.6%
5204530 · Telecommunications Services	1,007.60	3,500.00	-2,492.40	28.8%
5204540 · Electricity	195.33	865.00	-669.67	22.6%
5204560 · Water	44.70	240.00	-195.30	18.6%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	4,269.40	6,000.00	-1,730.60	71.2%
5204960 · Other Contractual Services	456.00	0.00	456.00	100.0%
5205020 · Office Supplies	279.61	2,000.00	-1,720.39	14.0%
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	106.95	1,000.00	-893.05	10.7%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	1,000.00	2,500.00	-1,500.00	40.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	2,071.73	7,400.00	-5,328.27	28.0%
Total Expense	<u>71,653.80</u>	<u>280,000.00</u>	<u>-208,346.20</u>	<u>25.6%</u>
Net Ordinary Income	<u>138,622.32</u>	<u>-47,780.00</u>	<u>186,402.32</u>	<u>-290.1%</u>
Net Income	<u><u>138,622.32</u></u>	<u><u>-47,780.00</u></u>	<u><u>186,402.32</u></u>	<u><u>-290.1%</u></u>

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through October 2016

	Jul - Oct 16	Budget	\$ Over Budget	% of Budget
5204200 · Central Services	1,943.85	9,000.00	-7,056.15	21.6%
5204220 · Equipment Service & Maintenance	13.57	300.00	-286.43	4.5%
5204230 · Janitorial/Maintenance Services	521.36	1,600.00	-1,078.64	32.6%
5204340 · Computer Software Maintenance	0.00	2,000.00	-2,000.00	0.0%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	100.00	-100.00	0.0%
5204460 · Equipment Rental	887.00	4,000.00	-3,113.00	22.2%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	5,077.80	15,234.00	-10,156.20	33.3%
5204510 · Rent-Other	318.04	500.00	-181.96	63.6%
5204530 · Telecommunications Services	1,007.60	3,500.00	-2,492.40	28.8%
5204540 · Electricity	195.33	865.00	-669.67	22.6%
5204560 · Water	44.70	240.00	-195.30	18.6%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	4,269.40	6,000.00	-1,730.60	71.2%
5204960 · Other Contractual Services	456.00	0.00	456.00	100.0%
5205020 · Office Supplies	279.61	2,000.00	-1,720.39	14.0%
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	106.95	1,000.00	-893.05	10.7%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	1,000.00	2,500.00	-1,500.00	40.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	2,071.73	7,400.00	-5,328.27	28.0%
Total Expense	71,653.80	280,000.00	-208,346.20	25.6%
Net Ordinary Income	138,622.32	-47,780.00	186,402.32	-290.1%
Net Income	138,622.32	-47,780.00	186,402.32	-290.1%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
October 2016

	Oct 16	Oct 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	250.00	200.00	50.00	25.0%
4293551 · Certificate Renewals-Active	50.00	50.00	0.00	0.0%
4293552 · Certificate Renewals-Inactive	50.00	50.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	0.00	10.00	-10.00	-100.0%
4293554 · Initial Firm Permits	100.00	0.00	100.00	100.0%
4293557 · Initial Audit	0.00	120.00	-120.00	-100.0%
4293558 · Re-Exam Audit	300.00	330.00	-30.00	-9.1%
4293561 · Late Fees-Certificate Renewals	50.00	100.00	-50.00	-50.0%
4293564 · Late Fees-Peer Review	50.00	0.00	50.00	100.0%
4293566 · Firm Permit Owners	195.00	0.00	195.00	100.0%
4293568 · Firm Permit Name Change	0.00	25.00	-25.00	-100.0%
4293569 · Initial FAR	90.00	210.00	-120.00	-57.1%
4293570 · Initial REG	30.00	120.00	-90.00	-75.0%
4293571 · Initial BEC	0.00	120.00	-120.00	-100.0%
4293572 · Re-Exam FAR	210.00	300.00	-90.00	-30.0%
4293573 · Re-Exam REG	210.00	270.00	-60.00	-22.2%
4293574 · Re-Exam BEC	240.00	270.00	-30.00	-11.1%
4896021 · Legal Recovery Cost	0.00	-1,000.00	1,000.00	100.0%
Total Income	<u>1,825.00</u>	<u>1,175.00</u>	<u>650.00</u>	<u>55.3%</u>
Gross Profit	1,825.00	1,175.00	650.00	55.3%
Expense				
5101010 · F-T Emp Sal & Wages	2,204.37	7,053.09	-4,848.72	-68.8%
5101020 · P-T/Temp Emp Sal & Wages	959.47	3,255.90	-2,296.43	-70.5%
5101030 · Board & Comm Mbrs Fees	240.00	0.00	240.00	100.0%
5102010 · OASI-Employer's Share	226.88	681.41	-454.53	-66.7%
5102020 · Retirement-ER Share	189.84	605.64	-415.80	-68.7%
5102060 · Health /Life Ins.-ER Share	720.72	1,873.57	-1,152.85	-61.5%
5102080 · Worker's Compensation	3.78	8.21	-4.43	-54.0%
5102090 · Unemployment Insurance	1.22	3.98	-2.76	-69.4%
5204180 · Computer Services-State	769.05	87.00	682.05	784.0%
5204181 · Computer Development Serv-State	0.00	38.15	-38.15	-100.0%
5204200 · Central Services	280.58	252.15	28.43	11.3%
5204220 · Equipment Service & Maintenance	2.14	1.69	0.45	26.6%
5204230 · Janitorial/Maintenance Services	130.34	126.55	3.79	3.0%
5204460 · Equipment Rental	71.00	71.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	233.62	247.37	-13.75	-5.6%
5204540 · Electricity	57.22	45.85	11.37	24.8%
5204560 · Water	22.35	22.35	0.00	0.0%
5204740 · Bank Fees and Charges	152.05	109.28	42.77	39.1%
5205020 · Office Supplies	91.99	160.41	-68.42	-42.7%
5205320 · Printing/Duplicating/Binding Co	75.90	0.00	75.90	100.0%
5205350 · Postage	1,000.00	0.00	1,000.00	100.0%
5228000 · Operating Transfers Out-NonBudg	749.50	403.44	346.06	85.8%
Total Expense	<u>9,451.47</u>	<u>16,316.49</u>	<u>-6,865.02</u>	<u>-42.1%</u>
Net Ordinary Income	<u>-7,626.47</u>	<u>-15,141.49</u>	<u>7,515.02</u>	<u>49.6%</u>
Net Income	<u><u>-7,626.47</u></u>	<u><u>-15,141.49</u></u>	<u><u>7,515.02</u></u>	<u><u>49.6%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July through October 2016

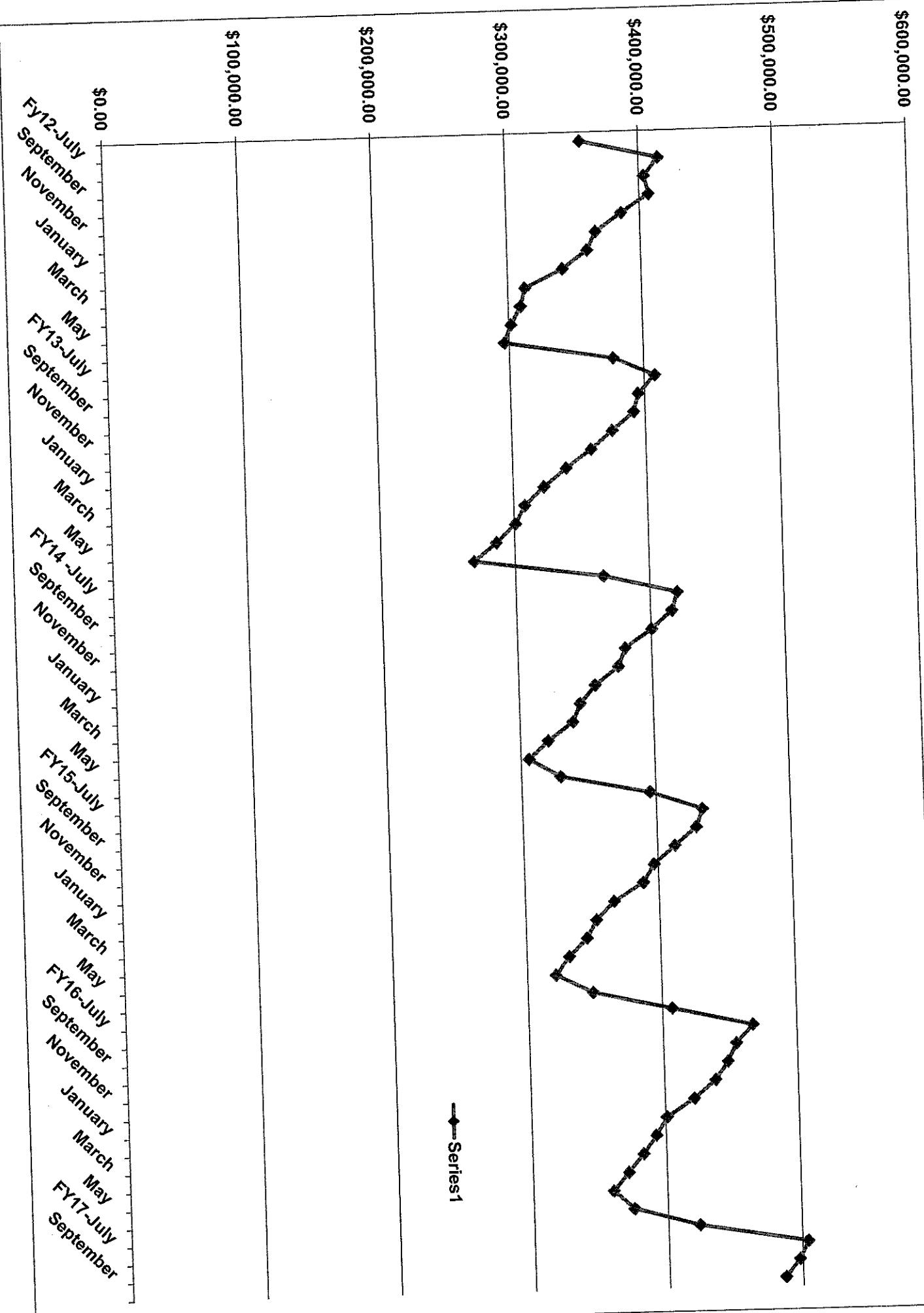
	Jul - Oct 16	Jul - Oct 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,400.00	825.00	575.00	69.7%
4293551 · Certificate Renewals-Active	59,400.00	60,200.00	-800.00	-1.3%
4293552 · Certificate Renewals-Inactive	19,250.00	20,050.00	-800.00	-4.0%
4293553 · Certificate Renewals-Retired	1,200.00	1,040.00	160.00	15.4%
4293554 · Initial Firm Permits	400.00	50.00	350.00	700.0%
4293555 · Firm Permit Renewals	13,450.00	13,600.00	-150.00	-1.1%
4293557 · Initial Audit	150.00	330.00	-180.00	-54.6%
4293558 · Re-Exam Audit	840.00	870.00	-30.00	-3.5%
4293560 · Late Fees-Initial Certificate	100.00	0.00	100.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,200.00	2,900.00	-700.00	-24.1%
4293563 · Late Fees-Firm Permit Renewals	400.00	350.00	50.00	14.3%
4293564 · Late Fees-Peer Review	350.00	200.00	150.00	75.0%
4293566 · Firm Permit Owners	102,105.00	91,435.00	10,670.00	11.7%
4293567 · Peer Review Admin Fee	225.00	150.00	75.00	50.0%
4293568 · Firm Permit Name Change	100.00	75.00	25.00	33.3%
4293569 · Initial FAR	300.00	360.00	-60.00	-16.7%
4293570 · Initial REG	240.00	180.00	60.00	33.3%
4293571 · Initial BEC	210.00	210.00	0.00	0.0%
4293572 · Re-Exam FAR	840.00	660.00	180.00	27.3%
4293573 · Re-Exam REG	810.00	720.00	90.00	12.5%
4293574 · Re-Exam BEC	840.00	810.00	30.00	3.7%
4491000 · Interest and Dividend Revenue	5,466.12	4,714.96	751.16	15.9%
4896021 · Legal Recovery Cost	0.00	200.00	-200.00	-100.0%
Total Income	210,276.12	199,929.96	10,346.16	5.2%
Gross Profit	210,276.12	199,929.96	10,346.16	5.2%
Expense				
5101010 · F-T Emp Sal & Wages	19,329.93	21,207.38	-1,877.45	-8.9%
5101020 · P-T/Temp Emp Sal & Wages	7,554.41	9,007.06	-1,452.65	-16.1%
5101030 · Board & Comm Mbrs Fees	1,860.00	1,320.00	540.00	40.9%
5102010 · OASI-Employer's Share	1,930.99	2,198.04	-267.05	-12.2%
5102020 · Retirement-ER Share	1,613.04	1,794.38	-181.34	-10.1%
5102060 · Health /Life Ins.-ER Share	5,779.51	5,884.16	-104.65	-1.8%
5102080 · Worker's Compensation	32.20	24.07	8.13	33.8%
5102090 · Unemployment Insurance	10.42	11.82	-1.40	-11.8%
5203010 · Auto--State Owned	0.00	78.65	-78.65	-100.0%
5203020 · Auto-Private-Ownes Low Mileage	364.78	0.00	364.78	100.0%
5203030 · In State-Auto- Priv. High Miles	779.52	1,058.40	-278.88	-26.4%
5203100 · In State-Lodging	564.10	319.60	244.50	76.5%
5203120 · In State-Incidentals to Travel	25.00	20.00	5.00	25.0%
5203140 · InState-Tax Meals Not OverNigt	11.00	0.00	11.00	100.0%
5203150 · InState-Non-Tax Meals OverNigt	240.00	268.00	-28.00	-10.5%
5203230 · OS-Auto Private High Mileage	335.16	0.00	335.16	100.0%
5203260 · OS-Air Commercial Carrier	2,165.60	0.00	2,165.60	100.0%
5203280 · OS-Other Public Carrier	257.35	0.00	257.35	100.0%
5203300 · OS-Lodging	2,055.15	0.00	2,055.15	100.0%
5203320 · OS-Incidentals to Travel	230.00	0.00	230.00	100.0%
5203350 · OS-Non-Taxable Meals Overnight	297.00	0.00	297.00	100.0%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204160 · Workshop Registration Fees	2,780.00	1,390.00	1,390.00	100.0%
5204180 · Computer Services-State	2,045.70	357.75	1,687.95	471.8%
5204181 · Computer Development Serv-State	0.00	1,293.05	-1,293.05	-100.0%
5204200 · Central Services	1,943.85	1,921.48	22.37	1.2%
5204220 · Equipment Service & Maintenance	13.57	10.24	3.33	32.5%
5204230 · Janitorial/Maintenance Services	521.36	506.20	15.16	3.0%
5204340 · Computer Software Maintenance	0.00	614.50	-614.50	-100.0%
5204460 · Equipment Rental	887.00	887.00	0.00	0.0%
5204490 · Rents Privately Owned Property	5,077.80	5,077.80	0.00	0.0%
5204510 · Rent-Other	318.04	0.00	318.04	100.0%
5204530 · Telecommunications Services	1,007.60	1,022.26	-14.66	-1.4%
5204540 · Electricity	195.33	152.87	42.46	27.8%
5204560 · Water	44.70	44.70	0.00	0.0%
5204740 · Bank Fees and Charges	4,269.40	3,898.52	370.88	9.5%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July through October 2016

	<u>Jul - Oct 16</u>	<u>Jul - Oct 15</u>	<u>\$ Change</u>	<u>% Change</u>
5204960 · Other Contractual Services	456.00	0.00	456.00	100.0%
5205020 · Office Supplies	279.61	571.58	-291.97	-51.1%
5205320 · Printing/Duplicating/Binding Co	106.95	48.30	58.65	121.4%
5205350 · Postage	1,000.00	0.00	1,000.00	100.0%
5207900 · Computer Hardware	0.00	85.00	-85.00	-100.0%
5228000 · Operating Transfers Out-NonBudg	2,071.73	1,237.55	834.18	67.4%
Total Expense	<u>71,653.80</u>	<u>65,510.36</u>	<u>6,143.44</u>	<u>9.4%</u>
Net Ordinary Income	<u>138,622.32</u>	<u>134,419.60</u>	<u>4,202.72</u>	<u>3.1%</u>
Net Income	<u><u>138,622.32</u></u>	<u><u>134,419.60</u></u>	<u><u>4,202.72</u></u>	<u><u>3.1%</u></u>

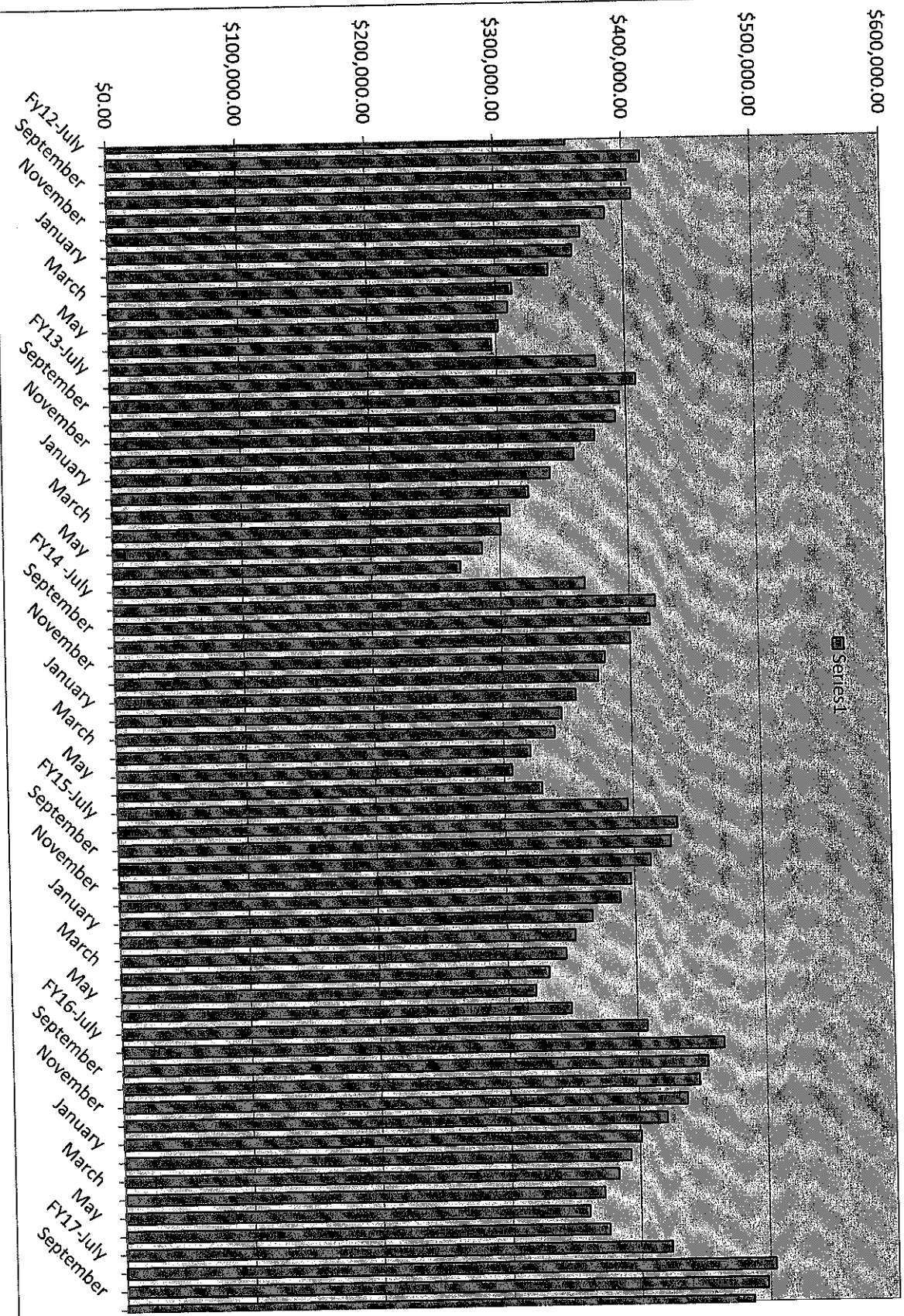
Time Series Flow of Pool Cash by Monthly Balances

FY12 thru FY17-Year to date



Time Series Flow of Pool Cash by Monthly Balances

Fiscal Years 2012 thru 2017-Year to date



REQUEST FROM LICENSEE

Nicole Kasin

We received a request from a licensee who is being placed on active duty and being deployed out of country.

The request is to hold his license in good standing and waive the requirements of CPE for the period ending June 30, 2017, and waive renewal requirements until he returns and receives his deactivation orders.

His orders were to report on November 10, 2016 with the period of active duty listed as 400 days.

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

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Database update

The board staff is working with GL Solutions to create the database. Calls began at the beginning of September and future calls are scheduled in regards to the outputs and design process. No additional issues to discuss at this time.

Board Website

DLR rolled out the new website on December 1. We have the same content on our page with a refreshed layout and color scheme. Please let me know if you have any issues with the new site.

CPE Audits

The list of licensees has been selected for CPE audits and letters were sent out to those selected on September 16, 2016. The documentation is due in our office no later than October 31, 2016. The following chart shows the status of the audits as of November 30, 2016.

	Selected	Complied	Not Complied	Granted Extension	Approved CPE Audit	Failed CPE Audit
CPA (Active)	51	51	0	0	36	0
CPA (Active in Firm)	53	53	0	0	40	0

Board Discussion

- Any New Business/topics?



AICPA BOARD OF EXAMINERS (BOE) MEETING HIGHLIGHTS September 29 - 30, 2016

Participants

BOE Members: Barry Berkowitz, Allan Cohen, Michael Daggett (Chair), Jeanne Dee, Bucky Glover, Jeff Hoops, Shelly Holzman, Kristine Hull, Gary Lubin, Roberta Newhouse, Gina Pruitt, Mark Shermis, Ola Smith, Amy Sutherland, Dan Sweetwood, Tom Winkler

AICPA Staff: Michael Decker (Staff Liaison), Noel Albertson, Mark Brooks, Sue Coffey, Rich Gallagher, Joe Maslott, John Mattar, Erin McCormack, Robin Stackhouse,

NASBA ERB Staff: Sheena Murphy

NASBA-AICPA-Prometric Enterprise Project Manager: Bill Emmer

The following BOE members are rolling off of the BOE and were thanked profusely for their service and dedication to the Exam. They include **Damon DeSue, Kadriye Ercikan Gina Pruitt, Bucky Glover, Kristine Hull, Gary Lubin, and Tom Winkler.**

Roberta Newhouse, Chair of the State Board Committee (SBC), reported on the prior day's meeting, where the following topics were discussed: the rapidly changing profession and its potential impact to the Exam, self-regulation and the updated Peer Review Exposure Draft issued by the AICPA, and general rule changes and the UAA.

A candidate was recently caught cheating in a Prometric Test Center and there was follow up discussion around informing State Boards and ensuring that NASBA's Gateway system would catch future attempts for the candidate to secure eligibility in another state.

Mark Shermis, Chair of the Psychometric Oversight Committee (POC), reported on the POC's collaboration with the AICPA's psychometric staff to conduct the standard setting process in setting the new cut score for the Next Version of the Exam scheduled to launch on April 1, 2017.

The POC also discussed the ongoing research into content area subscore reporting and continues to recommend that the AICPA explore the development of diagnostic assessments (one per section) that may be completed by any candidate that fails a section of the Exam. The diagnostic assessment would be developed to provide more accurate feedback to the Candidates regarding their performance on each section. A business case for the design, development, implementation, and impact of the assessment will be developed in 2017 by AICPA staff.

In the meantime, the BOE unanimously approved the updated and stricter disclaimer language for content area subscores on the Candidate score report.

Amy Sutherland, Chair of the Content Committee (CC), reported that the CC and its section subcommittees, in collaboration with the AICPA staff, are on schedule for development of the next Exam. There are sufficient MCQs (multiple choice questions) and the focus is primarily on TBSs (task-based simulations) at this time. The current volunteer subcommittee members continue to invest close to 200 hours annually as the new content is being developed. AICPA Staff continue to innovate and work on nimble and flexible processes that will lead to less hours required of the volunteers.

The CC also proposed minor updates to the blueprints as part of the standard annual blueprint review, that were unanimously approved by the BOE.

The CC and AICPA staff also have their eye on pending changes to FAR's revenue recognition and lease standards changes.

Joseph Maslott, Senior Manager of Content Development, and Robin Stackhouse, Director of Exam Development and Production, shared with the BOE that the required development of additional MCQs (multiple choice questions) and TBSs (task-based simulations) at the various skill levels required for the launch of the April 2017 release of the Exam were on track. The content, production, and psychometric teams are working together to ensure the items have been through appropriate quality reviews and in some cases, feasibility or field testing to verify timing data (how long a candidate spends on the item).

Rich Gallagher, AICPA Director of Exam Content, discussed with the BOE, staff's latest thinking regarding future practice analysis timelines and regular updates. A formal recommendation will be presented to the BOE for approval at the January 2017 BOE meeting.

A discussion then ensued on cybersecurity and the work the team is doing to ensure the Exam remains secure. Our SOC II audit, defining our cyber risk management maturity level and use of the NISC framework was part of the discussion and our annual risk, security, and compliance update will be provided to the BOE at our January 2017 meeting.

Noel Albertson, AICPA Director of Project and Technology Delivery, shared with the BOE that we remain on budget and on schedule with the new web-based test delivery driver in the Prometric network in 2018. Included in the 2018 release will be an entirely new candidate user experience (UX) for which we continue to receive positive feedback. Information will be provided to the Review Course Providers (RCPs) later in 2016 to allow them to be prepared to help the candidates and the updated Sample Test will be launched in October 2017.

John Mattar, AICPA Director of Psychometrics, shared with the BOE the psychometric efforts in operational readiness for the next version of the Exam and in ongoing research for future versions. Operational readiness includes updated automated test assembly, completing inventory analysis, pretesting items, setting the new passing scores, and future updates to the score reporting.

Michael Decker, AICPA Vice President of Examinations, introduced a brief plan to update the BOE Strategic Plan including the use of a PESTLE (political, environmental, social, technological, legal, and environmental) and SWOT (strengths, weaknesses, opportunities, and threats) analysis, focusing on changes and disruptors in the accounting profession, with psychometrics and test standards, in licensure and regulation, and with millennial candidate expectations.

The 2017 Exams team initiatives include:

1. Operational excellence
 - Next Version of the Exam
2. Next-next version of the Exam
 - Research into professional skepticism, audit data analytics, integrated assessments, assessing writing content for content accuracy
3. Strengthen the candidate pipeline
 - Candidate drop-out research
 - Continued data analytics into candidate behavior
4. Improve the candidate experience
 - Updated Sample Test
 - Updated www.aicpa.org website
5. International expansion
 - Regional testing in known locations
 - Open up testing globally for US citizens
 - Business case for India and China in 2017

One key question discussed by the BOE included:

- Most of the Exam design was driven by the computerization requirements in advance of 2004 and various assumptions were made at that time. What has changed? What are our future requirements and capabilities?

This discussion introduced the next agenda item focused on strategic planning and innovation.

Erin McCormack, AICPA Director of Innovation, and Mark Brooks, Senior Manager of Innovation, led the BOE in a discussion on how the accounting profession is changing, what knowledge and skills will be required of a newly licensed CPA in 2020 – 2025, and how and when will the Exam have to adapt to continue its relevancy and protection of the public interest. This discussion was timely as the BOE and AICPA staff update the BOE Strategic Plan and some Examinations staff start to plan for the “Next Next Version” of the Exam.

From the recent Practice Analysis, we heard that future version of the Exam must increase its assessment of professional skepticism, situational judgment, evaluation skills beyond the Audit section, audit data analytics, and potentially content integration across multiple sections.

Erin and Mark fostered a discussion on the impact of technology, increased regulation, and the increasing demands and expectation of the millennials in the candidate pipeline, raising questions such as: “How has technology impacted the work of a newly licensed CPA?” “How will

blockchain technology impact auditing?” “Where will technology automate the work of a newly licensed CPA?” And finally, “What will the newly licensed CPA’s work look like then?”

The following topics were raised in discussion:

- Is additional regulation of the CPA forthcoming?
- Should a competitive analysis of the CPA be conducted?
- How do you audit without standards (i.e., a shared economy)?
- Is the one year standard for exposure to updated content too long?
- What is the future role of the generalist CPA Exam amid increasing requests for specialization?
- How will the millennials expectations of the CPA Exam process and the CPA license drive change?
- What impact will the future of learning have on the Exam process?

What CPA Exam changes are needed 2020 – 2024?

- We are dealing with a 100+ year old product ... It is daunting to ask people to be broad based with this type of product.
- Could we look at specializations due to the volume of information needed for licensure and testing?
- Solutions need to integrate well between the profession and the CPA exam, all in the interest of the public
- Adapting and understanding the pace of change should be tested
- Need to be able to develop, in real time, new types of test questions and content based on recent events
- Is there a mobility solution? Helps everyone be nimble.

AICPA staff and the BOE will complete an updated Strategic Plan in 2016 – 2017.

Sue Coffey, AICPA EVP of Public Practice and Global Alliances, provided an update on the evolution of the joint venture between the AICPA and CIMA as the new Association works to better support members including US CPAs and business and industry members in an increasingly global marketplace. With Arleen Thomas now responsible for growing adoption of the CGMA in the US, the CPA Exam staff has moved under Sue Coffey with the other groups focused on public accounting: Professional Standards, Peer Review, Ethics and self-regulation, international alliances, and CPA specialization credentials.




In addition to promoting the CPA as the gold standard of the profession, the AICPA’s strategic priorities include improving audit quality, competency and learning, diversifying the pipeline, credentialing and firm engagement, audit of the future, cybersecurity, and financial reporting.

BOE Sponsor Group: Financial Oversight Group (FOG)

BOE members Barry Berkowitz and Shelly Holzman, and Michael Decker presented an overview of the budget in the FOG Report. The FOG reviewed budgeting for all of the technology and Practice Analysis projects planned through 2018, all of which fall within the scope of the domestic contract, and with an eye toward tri-party contract renewal and the break-even in 2024.

Due to increased volume already being seen in 2016 and some operational cost efficiencies at the AICPA, the break-even surplus will still be reduced, but will be reduced less than budgeted. Given the increased Examinations staff in 2016 and funding enhanced research, there is an opportunity to increase expenditures.

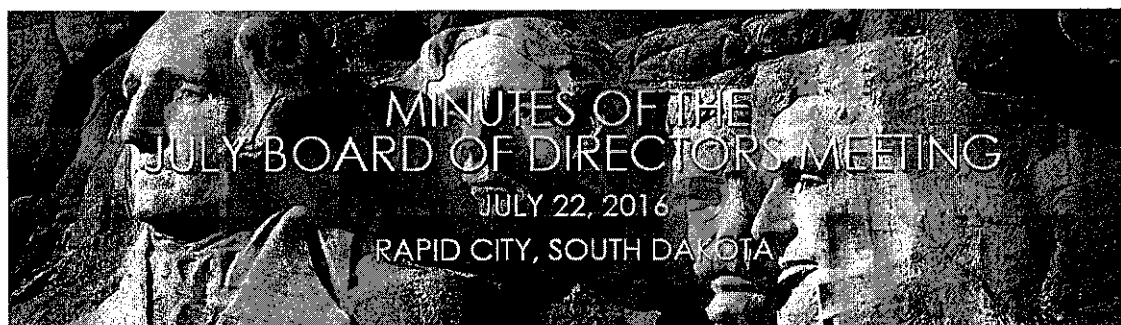
Sheena Murphy, Examination Review Board (ERB) Director, updated the BOE on her background, her onboarding process, and the ERB's plan for the year.

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National Association of State Boards of Accountancy

Mission Driven - Member Focused



Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Donald H. Burkett at 8:33 a.m. on Friday, July 22, 2016 at the Hotel Alex Johnson in Rapid City, SD.

Report of Attendance

President Ken L. Bishop reported the following were present:

Officers

- Donald H. Burkett, CPA (SC), Chair
- Telford A. Lodden, CPA (IA), Vice Chair
- Walter C. Davenport, CPA (NC), Past Chair
- E. Kent Smoll, CPA (KS), Treasurer
- Laurie J. Tish, CPA (WA), Secretary

Directors-at-Large

- A. Carlos Barrera, CPA (TX)
- Jimmy E. Burkes, CPA (MS)
- Tyrone E. Dickerson, CPA (VA)
- Janice L. Gray, CPA (OK)
- Raymond N. Johnson, CPA (OR)
- Harry O. Parsons, CPA (NV)
- Richard N. Reisig, CPA (MT)

Regional Directors

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J. Coalter Baker, CPA (TX), Southwest Regional Director
Maria E. Caldwell, CPA (FL), Southeast Regional Director
Stephanie S. Saunders, CPA (VA), Middle Atlantic Regional Director
John F. Dailey, Jr., CPA (NJ), Northeast Regional Director
W. Michael Fritz, CPA (OH), Great Lakes Regional Director
Sharon A. Jensen, CPA (MN), Central Regional Director
Edwin G. Jolicoeur, CPA (WA), Pacific Regional Director

Executive Directors Committee Liaison

James Corley (AR) – Executive Directors Committee Liaison

Absent

Benjamin C. Steele, CPA (NV), Mountain Regional Director

Staff

Ken L. Bishop, President and Chief Executive Officer
Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Louise Dratler Haberman, Vice President - Information and Research
Thomas G. Kenny, Director – Communications
Troy Walker, CPA, Director of Finance/Controller
Noel L. Allen, Esq., Outside Legal Counsel

Approval of Minutes

Secretary Laurie Tish presented the minutes of the Board of Directors' April 29, 2016 meeting and moved for their approval. Coalter Baker seconded and the minutes were unanimously approved as presented.

Report of the Chair

Chair Burkett reported on the meetings he had attended, including the open house celebration that marked the opening of the renovated Nashville offices. The event honored the past and welcomed the future of NASBA, he explained. Chair Burkett praised the quality of the Eastern and Western Regional Meetings and the New State Board Member Orientation Sessions, as well as the student leadership conference held by the NASBA Center for the Public Trust.

Chair Burkett said those meetings were extremely impressive and he could not have been more pleased with them.

NASBA leadership will be holding a summit meeting with AICPA leadership on August. 9-10. Topics to be covered will include the Uniform Accountancy Act, code of conduct, mutual recognition agreements and other joint initiatives.

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NASBA leadership also attended a summit meeting with leaders of CPA Canada, the Instituto Mexicano de Contadores Publicos and AICPA. They discussed the professional environment in each country.

Awards and Appointment

Chair Burkett announced the Awards Committee's recommendations for the 2016 NASBA Awards to be presented at the Annual Meeting: William H. Van Rensselaer Award to Billy M. Atkinson (TX); Distinguished Service Award to Robert B. Cagnassola (NJ); and Lorraine P. Sachs Standard of Excellence Award to Jim Abbott (ND). On a motion by Kent Smoll, seconded by Stephanie Saunders, the awards were unanimously approved by the Board.

Chair Burkett called for the approval of the appointment to the CPA Examination Review Board of Douglas W. Skiles (NE). On a motion by Sharon Jensen, seconded by Richard Reisig, the appointment was unanimously approved by the Board.

Report from President

President and CEO Ken L. Bishop and Executive Vice President and COO Colleen K. Conrad reported the following:

- Sheena Murphy has been hired as the new staff director of the CPA Examination Review Board.
- NASBA has once again employed two summer interns from the Inroads Project, an initiative to promote minority students and provide opportunities for real-world business experience.
- Professional Credential Services, formerly NASBA's wholly owned subsidiary and still a NASBA investment, within a year will be moving out of the half floor in the office space it currently subleases from NASBA. This will provide space for NASBA's future growth.
- NASBA staff and volunteers have attended meetings with the Financial Accounting Foundation, The Accountants Coalition, the Federation of American Regulatory Boards, and the International Ethics Standards Board for Accountants, and plan to meet with the Institute of Management Accountants and others.
- NASBA's Legislative and Governmental Affairs Director John Johnson is tracking legislation to alert states to potentially harmful legislation. He has been working with the Professional Licensing Coalition on federal legislation.
- As anticipated would happen prior to the revised Uniform CPA Examination's introduction in April 2017, the number of Examination applicants has increased and accordingly staffing for Examination-related activities has been increased. NASBA is offering to provide speakers on the Examination for states' meetings.
- The NASBA International Evaluation Service continues to grow. A soft launch of an experience verification service for international candidates has been initiated, but no major marketing has been done yet.
- A data summit was held in Provo, UT, moderated by NASBA Director of Continuous Improvement and Analytics James Suh and including representatives from academia, the State Boards and the professional societies to discuss what can be learned from the candidates' data.
- Currently Delaware, Hawaii, Wisconsin and Utah are the remaining states not fully participating in the Accountancy Licensing Database. Utah is the only state that is not in the process of working toward full participation in the ALD.
- The National Registry Summit, designed for CPE sponsors, will be held September 12- 14, 2016. Competency-based CPE will be among the topics covered.
- Large IT projects are underway, including a rewrite of the National Candidate Database software and a new platform for the CPETracking program.

President Bishop responded to questions, raised by the Regional Directors during their meeting the previous day, about how NASBA is addressing the use of titles issue. He explained that NASBA and AICPA staff are working on legislation that would allow for an expanded use of titles but that would not result in public confusion. Staff hopes to have such language ready in August. Vice President of State Board Relations Dan Dustin and John Johnson, Director of

Legislative and Governmental Affairs, are working on this language with AICPA staff members. The joint UAA Committee will be used to vet the language and expose it for comment.

Projected mission spending for NASBA this year is \$8.9 million, and for 2017 it is budgeted to be \$10.2 million, President Bishop announced. He explained this is made possible by NASBA being entrepreneurial to grow its bottom line. This enables NASBA to endure some expenses without having to cut back on services.

The NASBA Center for the Public Trust continues to do well, President Bishop stated. It is promoting its ethics certification program. While the CPT student chapters are generally targeted at both accounting and other business majors, the program shows the CPA designation in a positive light and this sometimes attracts other students to transition over to become CPAs, President Bishop observed.

Nominating Committee Report

Nominating Committee Chair Walter Davenport presented the Nominating Committee's slate for the 2016-17 NASBA Board of Directors. He offered his congratulations to all who had been selected.

Report of the Administration and Finance Committee

Treasurer Kent Smoll reviewed the activities of the previous two days' meetings of the Administration and Finance and Investment Committees. He reported, having come out of a volatile investment period, NASBA's investments as of that date were up \$100,000.

Chief Financial Officer Bryant presented the budgets to the Board for approval, drawing attention to the continuing increase in resource spending toward Board of Accountancy mission activities. Mr. Bryant reviewed the activities of the Investment Committee over the past 12 months. He stated that the Nashville facility renovation was complete except for a few minor items. Lastly, he updated the Board on the additional investment in PCS Holding Company (PHC) for a recent acquisition. As a result of this investment, NASBA maintains its 20 percent equity stake in PHC, the company that bought PCS in 2011.

Treasurer Smoll presented three motions:

1. Motion to approve the Fiscal 2017 monthly allocation of \$200,000 to the long-term investment funds. The motion was seconded by Tyrone Dickerson and unanimously approved.
2. Motion to approve the Fiscal 2016 financial statements as presented by the A&F Committee. The motion was seconded by John Dailey and unanimously approved.
3. Motion to approve the Fiscal 2017 consolidated operating and capital budgets as presented by the A&F Committee. The motion was seconded by Laurie Tish and unanimously approved.

Treasurer Smoll said the A&F Committee appreciates all the information it has been receiving from the NASBA finance department. He told the Board members if they are not getting the information they need, they only have to ask the finance department and it will be provided to them.

Report of the Audit Committee

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Audit Committee Chair Jim Burkes referred the Board members to the Committee's report in their agenda material. The Committee had held a conference call on January 15 and then met in Nashville on May 10, 2016. At that time NASBA Chief Information Security Officer Roy Hall presented a cybersecurity update and discussed risk related to the NASBA systems and measures that address these risks. They also heard a report from President Bishop on operating activities. Separately they met with NASBA's auditors, LBMC PC.

CFO Bryant reported that the Audit Committee received a review of the financial year, including changes to the investment policy, and discussed the future application of various accounting standard changes. The Audit Committee will meet again on September 22 to go over its charter compliance checklist and review the opinions and financial statement audit drafts for fiscal year 2017.

Report from the Continuing Professional Education Committee

CPE Committee Chair Maria Caldwell reported the Committee had reviewed and discussed every comment received during the revised CPE Standards' exposure period (which concluded April 1, 2016). They held a joint meeting with the AICPA on June 30. The Standards being presented to the NASBA Board are to be presented at the next AICPA Board's meeting, in August. These standards would be effective September 1, with program sponsors having until December 31 to implement them.

Ms. Caldwell made a motion to adopt the revised CPE Standards. Dr. Ray Johnson seconded. The Standards as presented were unanimously approved.

Next Ms. Caldwell made a motion to approve the CPE Fields of Study as proposed by the CPE Committee. Mr. Dailey seconded. The Fields of Study were unanimously approved.

Report from the Uniform Accountancy Act Committee

NASBA UAA Committee Chair Coalter Baker reported on the current status of the Committee's projects. Currently two topics are exposed for comment until September 1, 2016: a unilateral pathway for recognition of international qualified accountants and rules in support of the administration of the revised Uniform CPA Examination.

Still under discussion by the AICPA/NASBA UAA Committee are new model rules for continuing professional education, which will be considered during a task force meeting in September. As the CPE Committee plans to review the CPE Standards every two years, the UAA Committee is aiming to have model rules that will be expansive enough to cover future possible changes to the Standards.

The other area still under discussion is peer review. Chair Baker pointed out that since the AICPA has proposed changes to the administration of their Peer Review Program, the NASBA Compliance Assurance Committee has pulled back their previously recommended changes for the UAA and Model Rules.

The next item that may be coming to the UAA Committee will be the staff developed language on use of titles, Mr. Baker said.

Mr. Baker made a motion that the Board approve the language recommended by the AICPA/NASBA UAA Committee to create a CPA-retired status in the Uniform Accountancy Act and supported by the proposed Model Rules. Mr. Reisig seconded. The changes were unanimously approved as presented.

Next Mr. Baker asked for approval of the additions of definitions to UAA Section 3 and to Other Unlawful Acts to clarify SSARS 21 services. Stephanie Saunders seconded and the changes were unanimously approved as presented.

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Report on the Legislative Support Committee

Legislative Support Committee Chair Sharon Jensen reported the group had met in May and determined their top goal was to develop a white paper to address the states' "claw back" on licensing boards' funds, which has been happening across the country. They aim to have the paper ready in time for the Annual Meeting. Ms. Jensen said the Committee had talked about visiting D.C., but that has not yet been worked out.

One of NASBA's key investments has been the NASBA bill tracking software, which has proved to be invaluable in this very active year, Ms. Jensen observed. West Virginia had the most challenging legislation based on the decision in the North Carolina Dental Board case. The Board members in West Virginia now have to go through annual training, and NASBA has created a video to help the Board members comply with that mandatory training.

Report of the Education Committee

Education Committee Chair Ray Johnson reported the project with AICPA on accreditation was ramping up and a joint group will meet in August. Accreditation issues have been identified and now potential solutions need to be determined.

Another joint effort with the AICPA will be a study of the extra 30 hours, on which NASBA Vice President – State Board Relations Dan Dustin and AICPA Director Mat Young have been working, Dr. Johnson stated. President Bishop explained the group is working on trying to get some clarity on the 30 hours. NASBA Past Chair Billy Atkinson is also working on this project.

Report on International Qualifications Appraisal Board

IQAB Chair Ted Lodden reported the mutual recognition agreements which are up for renewal are being rewritten to clarify them. A template that includes an introductory letter with detailed appendices stating what is required to qualify is being used for the renewals. Work is being done on the renewals with CPACanada (formerly Canadian Institute of Chartered Accountants), Chartered Accountants of Ireland, Instituto Mexicano de Contadores Publicos,

Chartered Accountants of Australia and New Zealand (merged Australian and New Zealand institutes), and the Hong Kong Institute of CPAs. Also under evaluation are CPA Australia and the South African Institute of Chartered Accountants.

The AICPA staff is being used to review the MRA partners' examinations and the NASBA staff is being used to review the MRA partners' education. Mr. Lodden explained that the final reports to IQAB will include something similar to an audit report, with each task force preparing a cover letter for the supporting background for its conclusion.

Report from the Compliance Assurance Committee

CAC Chair Dailey reported the Committee had pulled back their recommendations to the UAA Committee with respect to proposed changes to the Model Rules related to peer review.

The AICPA has sent out a paper to the State Boards on their proposed new administrative organization of their Peer Review Program, with a comment deadline at the end of October. The CAC met with the AICPA

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Peer Review Board and concluded they could not design an oversight plan if they do not know what the Peer Review Program is going to look like, Mr. Dailey explained.

The CAC plans to send a survey to the State Boards to determine which of their state societies intend to continue as administering entities in the Peer Review Program. Prior to the end of October, the CAC will meet, after it gathers survey information from the State Boards on how they feel about moving to regional administering entities, instead of having their state society as the administering entity in most cases. In addition, the State Boards are being asked to copy the CAC staff liaison Leona Johnson on the responses they send to the AICPA on its paper.

Report from the Executive Directors Committee

ED Committee Chair James Corley reported they had worked with the CBT Committee on how to handle the score release for the revised Uniform CPA Examination. The EDs want to have a standard treatment for the release. Following NASBA's Western Regional Meeting, the ED Committee met to begin planning for the executive directors' annual conference.

Mr. Corley reported he had attended the data summit NASBA held at BYU in August. There participants considered diversity and the candidate pipeline. He said those at the meeting identified the need to create an option for low income students to have access to CPA Examination prep courses. President Bishop suggested a coalition of existing providers could address this issue and observed that there is a need for coordination of efforts in this area.

Report from the CBT Administration Committee

CBT Committee Chair Rick Reisig reported the Committee had sent out a letter to state boards about the score release date. The date when the conditioning credit begins is an issue being discussed by the CBT. They recognize that all the Boards need to have the same policy on conditioning. Mr. Reisig observed this is a good time for that discussion.

Report from the Regulatory Response Committee

RRC Chair Mike Fritz referred the Board to the recent comment letters that had been submitted by NASBA. Two letters to the Public Company Accounting Oversight Board are now being developed by the RRC, one on how the work of other auditors is used and the other on including critical audit matters in the auditor's report.

President Bishop underscored the review process that these response letters undergo, with a final opportunity for review by the Regional Directors prior to their submission. He said such review is important to ensure the letters represent the voice of the State Boards.

Policy Discussion

Chair Burkett led the Board of Directors in a discussion of NASBA policies covering: the states' responses to the North Carolina Dental Board case, peer review proposals, and potential title confusion.

Call for Nominations

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Executive Vice President Conrad reminded the Board that requests for nominations for appointments to outside groups are anticipated to be received soon. She asked for their recommendations. In particular, NASBA is considering nominees to the PCAOB Standing Advisory Committee. Possible nominees need to be preparers or auditors who have been involved with publicly traded companies.

Future Meetings

Communications Director Thomas Kenny announced the January 5-6, 2017 meeting of the NASBA Board of Directors will be held in West Palm Beach, FL. The April 2017 Board meeting will be held in Destin, FL, and the July 2017 Board meeting is expected to be in Montana.




Adjournment

Chair Burkett thanked all for their participation in the meeting. On a motion by Carlos Barrera, seconded by Mr. Dailey, the meeting was adjourned at 4:00 p.m.

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Mission Driven - Member Focused

HIGHLIGHTS OF THE OCTOBER BOARD OF DIRECTORS MEETING OCTOBER 28, 2016 AND NOVEMBER 1, 2016 AUSTIN, TEXAS

Highlights of the Board of Directors Meeting October 28, 2016 – Austin, TX

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, October 28, 2016 at the JW Marriott Austin in Austin, Texas, the Board took the following actions:

- Approved an amendment to Uniform Accountancy Act Section 6(g) that will enable recognition of non-U.S. holders of designated accounting credentials to receive a CPA license through an abbreviated pathway, as recommended by the NASBA/AICPA UAA Committee and presented by NASBA UAA Committee Chair J. Coalter Baker (TX). The AICPA is expected to approve in December.
- Approved changes to UAA Model Rules 5-3, 5-4, 5-5, 5-6, 5-7 and 5-8 as recommended by the CBT Administration Committee and the UAA Committee and presented by NASBA UAA Committee Chair Baker. The amended Rules support the revised Uniform CPA Examination to be launched on April 1, 2017.
- Approved the extension of mutual recognition agreements with CPA Canada, the Instituto Mexicano de Contadores Públicos, Chartered Accountants of Australia and New Zealand, and the Chartered Accountants Ireland until April 30, 2017, on a motion by NASBA/AICPA International Qualifications Appraisal Board Chair Telford A. Lodden (IA). Although Mr. Lodden anticipates the agreements will be completed earlier, this motion was made to ensure no gap in the agreements' coverage.
- Ratified the Executive Committee's acceptance of the Audited Financial Statements and Independent Auditors' Opinion and their inclusion in NASBA's annual report, as presented by Treasurer E. Kent Smoll (KS).
- Ratified the Executive Committee's approval of the reappointment of LBMC as NASBA's independent auditor for the year ending July 31, 2017, on a motion by Audit Committee Chair Jimmy E. Burkes (MS).

- Received a report from NASBA Chair Donald H. Burkett (SC) on his meetings with the Financial Reporting Council in London and the Institute of Chartered Accountants of Scotland in Edinburgh. He was pleased with the outcome of those meetings but more work needs to be done to achieve mutual recognition of professionals.
- Learned from NASBA President and CEO Ken L. Bishop that 55 jurisdictions will be represented at NASBA's 2016 Annual Meeting October 31 – November 2, 2016. This is the first time in NASBA's history that all Boards of Accountancy will be represented at one meeting. The meeting's theme is "Evolve" and will cover topics such as preventing CPA title confusion, cybersecurity, new CPE standards and international mobility.
- Heard from Executive Vice President and COO Colleen Conrad that NASBA's evaluation of the Boards' enforcement efforts, as requested by the California Board of Accountancy to comply with their Senate Bill 1405, is progressing. The biggest challenge has been the requirement for all Boards to have flagged on their websites where there have been enforcement measures.
- Reviewed NASBA's comment letter in response to the AICPA's paper on proposed changes to the AICPA's Peer Review Program. The letter, as presented by Compliance Assurance Committee Chair John Dailey, Jr. (NJ), was developed based on a survey of the State Boards conducted by the CAC, and then vetted by the Regulatory Response Committee, chaired by W. Michael Fritz (OH).
- Received a report from Education Committee Chair Raymond Johnson (OR) on the attention being given to the value of accreditation not only by a NASBA/AICPA Task Force, but also by the American Accounting Association and the AACSB, as a result of State Boards' concerns and NASBA's inquiries.
- Thanked Past Chair Walter C. Davenport (NC), Great Lakes Regional Director W. Michael Fritz (OH), Director-at-Large Harry O. Parsons (NV), Mountain Regional Director Benjamin C. Steele (NV) and Executive Directors' Liaison to the Board James Corley (AR) for their service to the Board of Directors
- Thanked Chair Donald H. Burkett (SC) for his leadership throughout the year.

Highlights of the Board of Directors Meeting November 1, 2016 – Austin, TX

At a duly called meeting of the 2016-2017 Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Tuesday, November 1, 2016 at the JW Marriott Austin, the Board took the following actions:

- Elected A. Carlos Barrera (TX) NASBA Treasurer.
- Elected Janice L. Gray (OK) NASBA Secretary.

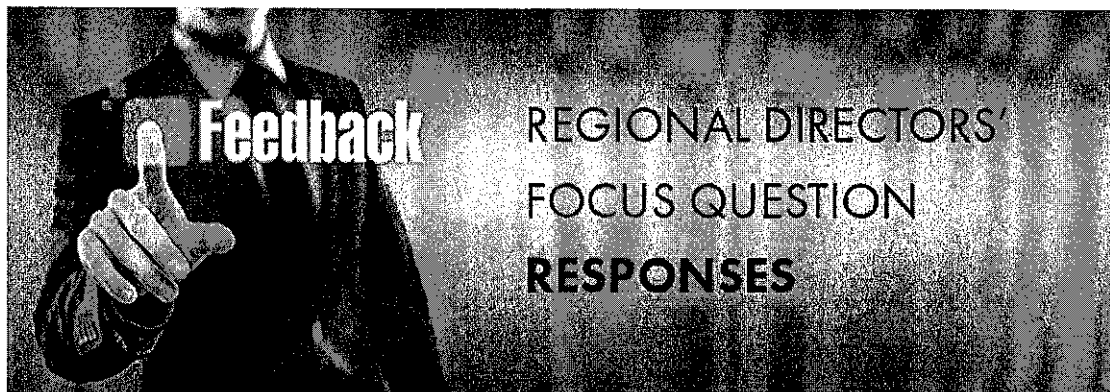
The next meeting of the NASBA Board of Directors will be held on January 6, 2017 in Palm Beach, Florida.

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Mission Driven - Member Focused



**Executive Summary
August – October 2016
Regional Directors' Focus Question Responses
42 Boards Responding**

(AK, AL, AR, AZ, CA, CNMI, CO, DC, FL, GA, HI, IA, ID, IL BOE, KS, KY, LA, MD, ME, MI, MO, MS, MT, NC, ND, NE, NJ, NM, NV, NY, OH, OK, OR, RI, SD, TN, TX, UT, VA, VT, WA, WY)

1. (a) Has your Board received and/or discussed the July AICPA report: "Proposed Evolution of Peer Review Administration: A Supplemental Discussion Paper Seeking Input from State Boards of Accountancy"?

Yes: AK, AR, AZ, CA, CNMI, DC, FL, GU, HI, ID, IL BOE, IA, KS, KY, LA, ME, MD, MI, MO, MS, MT, NC, NE, NV, NJ, NM, NY, OK, RI, SD, TN, UT, VA, VT, WA, WY

No: CO, OH, OR

(b) Will your Board be sending in comments to the AICPA?

Yes: AL, AR, CA, DC, GU, HI, ID, IA, KS, KY, MD, MO, MT, NE, NV, NY, NC, OK, SD, TN, WA

No: AK, AZ, CO, FL, GU, IL BOE, LA, ME, MI, NJ, OH, TX, UT, VT, WY

2. The revised Statement on Standards for Continuing Professional Education Programs and the Fields of Study were approved by the NASBA Board of Directors in July, and the AICPA Board is expected to do the same at their August meeting. These will be effective for program sponsors on the NASBA CPE Sponsor Registry as of 9/1/16. How does your Board use those Standards?

(a) Please explain what your Board does.

AL: At this time, there is no formal adoption of this standard. The Board does use the standards for reference when evaluating and revising the Board rules on CPE. **NY:** The revised standards cannot be accepted until the regulations are updated in NYS. **NM:** We make the providers of CPE comply with the Statement on Standards.

(b) Is your Board implementing the revised Standard No. 13 (now Standard No. 16)?

Not yet on agenda: AK, AZ, FL, HI, LA, MS, NC, OR, SD, TN, UT, WY

Considering: AR, CA, ID, ME, MT, NE, NV, NJ, NY, TX, VT, WA

Yes: DC, GU, MO, OH, VA

No: CO, IL BOE, IA, KS, KY, MI, OK

3. What is the most recent step your Board has taken to improve its service to the public? Some responses:

VT: We are in the process of updating our rules and statute to better serve the public. As part of that process, we are proposing a requirement for SSN at application or licensure and a requirement of an assertion at licensure that candidate intends to practice in Vermont.

TX: Implemented employee recognition.

NM: Passed rule to expedite military applications.

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

ND: Various rules changes are "on the table," including the addition of an ethics CPE obligation, requiring the full 20/120 level of CPE for all active accountants, authorizing use of CGMA title, etc.

NM: Continue to struggle with Federal and State laws regarding audits of marijuana products.

WA: We have implemented firm mobility.

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

CO: Update on CPE tracking tool.

NV: Possible videos or PSAs.

NE: Continued support in the IT area.

For details, see Regional Directors' Focus Question Report.

VIEW THE REGIONAL DIRECTORS' FOCUS QUESTION REPORT

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between August and October 2016. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*John F. Dailey, Jr. (NJ) – Chair, Committee on Relations with Member Boards
Northeast Regional Director*

J. Coalter Baker (TX) – Southwest Regional Director

Maria E. Caldwell (FL) – Southeast Regional Director

W. Michael Fritz (OH) – Great Lakes Regional Director

Sharon A. Jensen (MN) – Central Regional Director

Edwin G. Jolicoeur (WA) – Pacific Regional Director

Stephanie S. Saunders (VA) – Middle Atlantic Regional Director

Benjamin C. Steele (NV) – Mountain Regional Director

1. (a) Has your Board received and/or discussed the July AICPA report: “Proposed Evolution of Peer Review Administration: A supplemental Discussion Paper Seeking Input from State Boards of Accountancy”? (b) Will your Board be sending in comments to the AICPA? If yes, would you please be sure to send copies of those responses to Leona Johnson (ljohnson@nasba.org), staff liaison to the NASBA Compliance Assurance Committee?

Alabama – (a) No. Our Board discussed the February report in our May Board meeting and subsequently replied with a letter to the AICPA. The July report will be on the agenda for our Board to discuss in September. (b) Yes.

Alaska – (a) Yes. Information received by the Board at May 2016 meeting. (b) No.

Arizona – (a) Yes. The Board did not take any action to respond. The Board uses the California Society of CPAs as its peer review administering entity and the Board and its registrants are used to using a program that is not administered by the Arizona Society of CPAs. (b) No.

Arkansas – (a) Yes. Our Board has submitted a letter opposing the concept in its current form. (b) Yes.

California – (a) Yes. California Board of Accountancy President Katrina Salazar provided a written response dated September 30, 2016 to Beth Thorensen, Director of AICPA Peer Review Program. (b) Yes.

CNMI – (a) Yes. We have received this via email, but have not met to discuss as of today.

Colorado – (a) No. The Colorado Board briefly discussed the overall topic of Peer Review and the changes at its September Board meeting and believes it is important to focus on quality and consistency in how peer reviews are conducted by the administering entities. (b) No.

District of Columbia – (a) Yes. The DC Board will be providing comments and feedback prior to December 31 regarding the Proposed Evolution of Peer Review Administration: . . . from Boards of Accountancy. (b) Yes.

Florida – (a) Yes. (b) No.

Guam – (a) Yes. (b) No.

Hawaii – (a) Yes. (b) Yes.

Idaho – (a) Yes. (b) Yes.

Illinois BOE – (a) Yes. (b) No.

Iowa – (a) Yes. (b) Yes.

Kansas – (a) Yes. (b) Yes.

Kentucky – (a) Yes. The Board has submitted a comment letter. (b) Yes.

Louisiana – (a) Yes. (b) No.

Maine – (a) Yes. We are generally in favor of the consolidation of administering entities, provided the issue of State Board oversight is properly addressed and coordinated between the AICPA, AEs and State Boards. We would welcome NASBA involvement in conducting oversight activities and reporting periodically to the State Boards to which a particular AE applies. (b) No.

Maryland – (a) Yes. (b) Yes.

Michigan – (a) Yes we have received. (b) We will not be submitting a response. In our advisory capacity we do not perform such tasks.

Mississippi – (a) Yes. (b) Yes.

Missouri – (a) The information was provided to the Missouri Board for review at their August 2016 Board meeting. (b) This topic will be discussed at the October 25, 2016, Board meeting. It is anticipated that a written response will be provided.

Montana – (a) Yes. (b) Yes.

Nebraska – (a) Yes. The Board has discussed at their September 9, 2016 Board meeting after a report of the QEP Committee. QEP Chair Mike McClure (a member of NASBA’s CAC Committee) reported on a draft prepared for initial Board review. The draft was handed out for review and will be submitted on the Board’s behalf by Chair McClure as approved by the full Board. (b) Yes.

Nevada – (a) Yes. (b) Yes.

New Jersey – (a) Yes. The Chair of our Peer Review Committee has kept the Board informed. (b) No.

New Mexico – (a) Yes. (b) Yes.

New York – (a) Yes. (b) Yes.

North Carolina – (a) Yes. We have received the AICPA Report. (b) Yes.

North Dakota – The Board has not formally discussed the paper and likely will not submit comments.

Ohio – (a) No. We did receive the Proposed Evolution of Peer Review. This item is on the agenda for discussion at the Board’s September 9, 2016 meeting. Individual Board members may wish to comment directly to NASBA. (b) No.

Oklahoma – (a) Yes. (b) Yes.

Oregon – (a) No. This will be on the agenda for the Board meeting on October 20 and 21, 2016. As such the answer to question 1(b) is not yet known.

Rhode Island – (a) Yes. (b) Considering.

South Dakota – (a) Yes. We reviewed it at our meeting on 9-27-16 and a response will be submitted by the due date. (b) Yes.

Tennessee – (a) Yes. The Board has received both the original discussion paper and the supplemental discussion paper. Limited discussion has occurred with some interest in submitting comments. The Board will discuss at their October 21, 2016, meeting and will finalize any comments at that time. (b) Yes.

Texas - (a) Yes. (b) No.

Utah – (a) Yes. We have received the report but have not discussed it during a Board meeting. (b) No.

Virginia – (a) Yes. (b) Yes.

Vermont – (a) Yes. We have received and have considered commenting but decided not to submit a separate response. As a member state of New England Peer Review (NEPR) the consolidation of peer review administering entities is not likely to have significant impact on our jurisdiction. We have confirmed with NEPR that they are seeking to continue and will coordinate with them to get an update on expected changes in the coming year. We are also hopeful that the AE consolidation will encourage joint peer review oversight committees to oversee the consolidated AEs. (b) No.

Washington – (a) Yes. (b) Yes.

Wyoming – (a) Yes. The Board has not issued a formal response; however, the general feeling is that the AICPA is needlessly rushing this process which may or may not be the solution to the audit quality program. Also, as has been said countless times, there is a great deal of concern regarding the anticipated skyrocketing costs associated with the peer review process and that small firms will be driven out of the market. AICPA seems to be unconcerned about the issues raised and it is not clear or apparent that the issues raised will be thoroughly considered and vetted. (b) No.

2. The revised *Statement on Standards for Continuing Professional Education Programs and the Fields of Study* were approved by the NASBA Board of Directors in July, and the AICPA Board is expected to do the same at their August meeting. These will be effective for program sponsors on the NASBA CPE Sponsor Registry as of September 1, 2016. How does your Board use those Standards? For example: Do they adopt them as a basis for approving courses? Do they refer would-be providers to those Standards? Do they refer licensees to those standards for guidance on acceptable CPE?

(a) Please explain what your Board does.

(b) Is your Board implementing the revised Standard No. 13 (now Standard No. 16)? See below in italics.

Sponsored Learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend CPE credits under the following scenarios:

-- Group programs, independent study, and blended learning programs - A minimum of one full credit must be awarded initially, but after the first credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, and so on). -- Self study - A minimum of one-half credit must be awarded initially, but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, and so on).

-- Nano learning - Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano learning programs. Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit at their discretion and as appropriate for the instructional delivery method; however, the CPA claiming CPE credits should refer to respective State Board requirements regarding acceptability of one-fifth and one-half CPE credits.

Alabama – (a) At this time, there is no formal adoption of this standard. The Board does use the standards for reference when evaluating and revising the Board rules on CPE.

Alaska – (a) Alaska Regs – no minimum length of time for CPE courses and NASBA Registry/AICPA courses always accepted. (b) Not yet on agenda.

Arizona – (a) Currently, the Board does not use the Standards. It has its own CPE requirements in rule. The Board doesn't approve CPE vendors or refer would be providers or registrants to the Standards. That said, the Board's Advisory Law Review Committee at its October 2016 meeting will be studying the CPE standards and informing the Board of changes so the Board can choose to amend its CPE rules if so inclined. (b) Not yet on agenda...

Arkansas – (a) We typically have not relied on this document much in the past. However, we will monitor changes to help determine if our CPE records need to be changed. (b) Considering.

California – (a) Although many of the continuing education (CE) program requirements outlined in Article 12 of the CBA Regulations mirror the Standards, the California Board of Accountancy maintains independence in the establishment of minimum program requirements for acceptable CE in California. California is unique from most other states in that, rather than pre-approve CE providers or programs, the California Board of Accountancy requires licensees to select appropriate programs from CE providers that conform to the program requirements outlined in Article 12 of the California Board of Accountancy Regulations. The only exception is the Regulatory Review course that licensees are required to complete once every six years. (b) Considering.

CNMI – (a) Our Board adopts the standards as a basis for approving courses. We also would refer any providers to those standards, and we will refer licensees to those standards for guidance on acceptable CPE. (b) Not yet on agenda.

Colorado – (a) Once the Board incorporates by reference specific standards with a specific effective date, the Division staff refer licensees and providers to the standards for guidance on CPE and there is also a link to the standards on the Board's website. (b) No.

District of Columbia – (a) Yes. The District of Columbia's Board of Accountancy refers licensees to the AICPA and NSABA websites to obtain CPE information. The District of Columbia BOA also makes this information available in its publications. (b) Yes.

Florida – (a) Please see Rule 61H1-33.003 Florida Administrative Code. (b) Not yet on agenda.

Guam – (a) All of the above, yes. We require sponsors to adhere to the standards for any courses that we accept for CPE credit. (b) Yes.

Hawaii – (a) The Board has not formally adopted the Standards. There are some inconsistencies with the Board's laws/rules that need to be considered. (b) Not yet on agenda.

Idaho – (a) Idaho incorporates the Statement on Standards by reference to our Accountancy Rules and use them for helping our CPE Committee approve courses, certificates, etc. We do refer would be providers to the Standards as well. All potential providers who inquire to the Board about providing seminars and such who are not already NASBA QAS registered are directed to the Standards for guidelines on their role as a sponsor and how to produce certificates, for example. We also refer our licensees to the Standards particularly when choosing courses and what to make sure of from the sponsor as we do not pre-approve courses outside of those on the NASBA registry or Idaho Society of CPAs. (b) Considering.

Illinois BOE – (a) N/A; (b) No.

Iowa – (a) The Board does not use the standards in any way. (b) No.

Kansas – (b) No.

Kentucky – (a) The Standards have been utilized over the years as a guide (such as the 50-minute rule, etc.) for developing and revising our CPE regulation. We refer would be providers and CPAs to our regulation, not the Standards. (b) No.

Louisiana – (a) The Board uses the Standards as a guideline for its rulemaking. We don't get many inquiries from CPE vendors, but we would not refer providers to those Standards – we refer vendors to the Board's rules. (b) Not yet on agenda.

Maine – (a) We do not require use of these standards, although we plan to review the revised standards and determine if there are elements (e.g., nano learning) we should incorporate into our rules or recommend be included in statute. (b) Considering.

Maryland – (a) It is used as guidance to the Board's CPE auditor to evaluate continuing education courses reported by licensees in license renewal application.

Michigan – (a) No. (b) We do not use them.

Mississippi – (a) The Board has not officially adopted the Statement on Standards for Continuing Professional Education Programs, but may consider doing so during the next Rules Revision scheduled for 2017. In general, existing Board CPE rules are substantially equivalent to the CPE Standards and to the rules of the majority of the other Boards of Accountancy. (b) Not yet on agenda.

Missouri – (a) Yes. (b) Missouri follows the NASBA/AICPA standards.

Montana – (a) Currently the Board does not use the standards. They will be reviewing their CPE rules and will use the standards when considering possible rule changes. Currently the Board does not approve courses. (b) Considering.

Nebraska – (a) Yes. The Board’s CPE Committee and the full Board received updates on the new standards from Ms. Jessica Luttrull from NASBA. The Board contemplates allowing submission of CPE as indicated above but, at this time, has no plans to amend current CPE regulations. Simply, the Board has not received requests for CPE as indicated above but anticipates approval under current regulations when applied for the future. (b) Considering.

Nevada – (a) The Board references the Standards within our regulations. The standards are in addition to the regulatory language on CPE. However, the Board does not approve sponsors of CPE. Anyone can provide CPE as long as the subject area falls within the specified topics within regulation. The Board uses the standards in the calculation and definition of credit. (b) Yes.

New Jersey – (a) Our CPE requirements are contained in our regulations. As we revise our regs during our upcoming “sunset review” we will refer to the standards and Model Rules that we hope will be issued soon. (b) Yes.

New Mexico – (a) We make the providers of CPE comply with the Statement on Standards. (b) Not yet on Agenda. Our Board has a rule that CPE must be reported in hour (50 minute) intervals. We have no provision for nano learning, not any guidelines for reporting nano learning except reference to the standards. Reporting in units less than 50 minutes will put an extreme burden on our staff. In addition, we audit one seventh of each year’s CPE reports and this would increase that burden.

New York – The revised standards cannot be accepted until the regulations are updated in NYS. (b) Considering.

North Carolina – (a) The Board uses the Statements on Standards as a guide in writing its CPE rules for licensees and CPE sponsors to comply with. (b) Not yet on agenda.

North Dakota – We are not yet implementing the 1/5 credit levels. We are involved in rule changes, and it is possible this could be added.

Ohio – (a) The ABO refers all potential CPE sponsors to the NASBA/AICPA Standards as the basis for developing acceptable courses for CPE credit. The ABO requires registration and course material verification for Ohio PSR/ethics courses. Licensees are also referred to the NASBA/AICPA Standards for assistance in choosing appropriate CPE courses, as well as obtaining/maintaining proper CPE completion documents. (b) Yes.

Oklahoma – (b) No. Our Board has a rule that CPE must be reported in hour (50 minute) intervals.

Oregon – (a) The Oregon Board does not do its own approvals for CPE courses (the only small exception are Oregon-specific ethics courses). As such, the Oregon Board generally refers

providers to the national standards for providers and expect the providers to follow those. The Board has not yet discussed the new standards specifically; however staff has received support from the Laws and Rules Committee Chair to discuss with the Board the issue of deleting Oregon's rule requirement for a full hour of CPE before any partial (Nano or not) CPE credit can be learned. (b) Not yet on agenda.

South Dakota – (a) We would have to make changes to our rules to implement the proposed changes. We inform our licensees that we do not accept the CPE with new standards. (b) Not yet on agenda.

Tennessee – (a) Our rules state that all programs are expected to comply with the Statements on Standards for Continuing Professional Education Programs. (b) Not yet on agenda.

Texas – (a) Our CPE Committee will consider making recommended changes to Board rules regarding the new CPE Standards at its upcoming October 19, 2016 meeting. The new learning programs and time credit standards will be considered for inclusion in Texas Rules at that time. Any subsequent rule changes will be presented to our Rules Committee in January 2017 with implementation expected no earlier than April 2007. (b) Considering.

Utah – (b) Not yet on agenda.

Vermont – We are in the process of redrafting our rules and in the revised draft intend to refer specifically to Standards for Continuing Professional Education Programs and Fields of Study. Currently Vermont rules refer to the NASBA Registry and we provide specific additional guidance on fields of study and other acceptable programs. In adopting current model rule provisions and wording we hope to add clarity for our licensees while still providing Board discretion to recognize non-NASBA Registry providers. We are generally supportive as a Board of the nano learning and blended learning concepts outlined in the new standards when overseen by NASBA as part of the National Registry approval process. (b) Considering.

Virginia – (a) The Board has not “officially” adopted the standards by reference. However, we do “honor” the standards by practice. If questions are raised by a provider, then we may refer them to NASBA or the standards based on facts and circumstances. The same would apply to licensees. We provide guidance to our licensees and providers through Board policies and on our website. (b) Yes.

Washington – (a) Washington only reviews and approves courses that are intended to meet the requirements under WAC 4-30-134 for Washington Ethics for CPAs. (b) Considering.

Wyoming – (a) Currently, the Board does not incorporate the CPE standards into its Rules pertaining to CPE. The Board does list the various CPE general topics in its Rule at Chapter 5, Section 1. The Board will be reviewing its Chapter 5 which pertains to CPE and may make the decision to incorporate the standards and or the fields of study material at that time. (b) Not on agenda yet.

3. What is the most recent step your Board has taken to improve its service to the public?

Alabama – The Board has been focused on proactive enforcement such as (1) reviewing the activities of revoked CPAs; (2) working with the Alabama General Contractors Board for follow-up on non-CPAs submitting Compilations for licensing; (3) following up on CPAs who are practicing but have not registered a firm; (4) the Executive Director has taken several speaking engagements at universities explaining the CPA Exam changes; (5) moving our Board meetings to universities for education purposes.

Alaska – The Board is always trying to improve forms and data on our website, list serve and we have updated the online renewal process.

Arizona – The Board now posts disciplinary orders on its CPA Directory for the public to read and evaluate when deciding to engage a CPA or to perhaps even check up on one that they have already been engaged with for many years.

Arkansas – We have improved our website to allow licensees to look up their own CPE history with the Board.

California – (1) A more user-friendly design and easier navigation; (2) Support for mobile devices; (3) Consolidated content organized by subject or audience; (4) A search function for disciplinary actions. Also in May 2016, the California Board of Accountancy closed captioning of its Board and committee meetings webcasts.

CNMI – We have met recently to discuss updating our statute. I did inform the other members that we are working with NASBA and the AICPA to get legislation introduced this year.

Colorado – In the past several months, the Division modified an on-line report that in addition to showing the status of each license, it also reflects any disciplinary action that may have been taken against that CPA or CPA firm. In addition, the Department is creating news items on its main page that reflect summary suspensions and revocations against licensees for the public and any media outlet to have access to the information.

District of Columbia – The District of Columbia issues alerts, proposed draft legislation, current news and information available to CPA licensees and other interested parties through its District of Columbia Board of Accountancy website. We also send email notifications.

Florida – Changed the level of specificity in business law course requirements.

Guam – Contributions to the Guam Accountancy Endowment Fund to support a visiting professor and lecturer program at the University of Guam, which in part provides cost-free CPE to our local licensees.

Hawaii – Various announcements and notices to CPA firms that are subject to the new mandatory peer review program have been part of the Board's continuing efforts to implement its program. The state's two professional associations – Hawaii Association of Public Accountants and Hawaii Society of CPAs – have been instrumental in disseminating the information. It is also readily available on the Board's website.

Idaho – We are looking at doing a cooperative effort with our state agencies and departments on providing messages and information on social media, particularly Twitter. The program is in early development stages.

Iowa – Rolling review of rules.

Illinois BOE – Our Board has been working with the Chicago Public School system as well as several local programs affecting city school students to promote the CPA profession and to promote minority interest. We have recruited firms to assist in this endeavor as well as to speak at local meetings of these groups to further promote the profession.

Kansas – Have implemented a biannual newsletter.

Kentucky – While not a recent step, the board lists its disciplinary actions, including a pdf copy of the Order, on its website. Members of the public are also able to view the license status of CPAs and firms online.

Louisiana – We have also amended our CPE reporting to require annual reporting, which we consider an overall service to the public.

Maine – We are conducting thorough hearings on applications to recognize experience as substantially equivalent to that at a CPA firm, and carefully wording our decisions in the hopes they will be helpful to other applicants considering such a request. We provide copies of previous decisions to such applicants to assist them in understanding the Board's reasoning in granting or denying a license.

Maryland – The Board adopted these standards in 2016.

Michigan – The response time for complaints to be evaluated and processed continues to decrease.

Montana – Continue enhancing our communication with licensees. Looking at ways to update and streamline processes.

Mississippi – (1) The Board recently adopted changes to Statutes and Rules to enhance public protection. (2) The Board's website is user friendly and provides useful information to licensees and to the public. (3) Board members are available to the public for speaking engagements on accountancy law, Board Rules and Regulations, and Board operations.

Missouri – No recent updates have occurred.

Nebraska – The Board continually receives feedback and updates as necessary on online renewal and CPE systems.

New Jersey – Revision and update to our regulations.

New Mexico – Our Board has passed a rule to expedite military applications, outreach trainings at the University for new CPA Exam, joint trainings on Elderly Fraud.

New York – The New York Board recently updated its licensure application forms and website.

North Carolina – The Board has developed and is implementing a strategic plan, one objective of which is to provide excellent service to its applicants, candidates, licensees, and the public.

North Dakota – We have added more disciplinary information in the ALD system.

Ohio – The Board staff recently completed Lean Ohio training, where current processes were thoroughly analyzed and evaluated in order to improve in-office efficiency and provide better customer service to our licensees and other stakeholders.

Oklahoma – The Board staff continues to survey members and improve operations and communications with registrants based upon feedback. We are working with NASBA on a series of instructional videos geared to CPA candidates and registrants on a variety of subjects.

Oregon – The Oregon Board has proposed updating and consolidating its lawsuit reporting requirements for individuals and firms, which should improve the Board’s ability to protect the public better by knowing sooner about conduct that may require a Board investigation.

Tennessee – The implementation of a new online licensing platform has allowed our Board to move many licensing functions online. In preparation for this it forced us to review our licensing process and eliminate anything considered unnecessary. Once implemented, we were able to cut out the mailing time and significantly reduce licensing times. We are now issuing initial licenses in roughly two days vs. 20 days just two years ago.

Texas – We have implemented employee recognition at the Board meetings for compliments received from the public.

Vermont – We are in process of updating our rules and statute to better serve the public. As part of that process we are proposing a requirement for a SSN at application or licensure and a requirement of an assertion at licensure that the candidate intends to practice in Vermont. Our intent would be to minimize applicants that do not intend to practice in Vermont but intend to apply in Vermont due to a lack of a SSN requirement or due to our lower fees. We believe this would allow the Office of Professional Regulation to better serve our licensees. Such a change could decrease the number of applicants and associated fees generated. As such, we will seek public input on this proposed change as part of the Vermont Administrative Rule making process.

Virginia – (1) We continue to add “white board” videos on our website (developed by NASBA). (2) We are in the process of selecting a vendor for a new licensing/database system. Once implemented, this new system will provide improved service to the public, exam candidates, licensees and staff. (3) We have recently added staff to our enforcement area to improve the timeliness of processing complaints.

Washington – We have vastly reduced our caseload of disciplinary cases and shortened time frames for the completion of investigations and disciplinary orders.

Wyoming – Wyoming is such a small state that service to the public is relatively easy to provide. Also, because the state is so small, there is no anonymity which supports full accountability with

respect to serving the public and meeting the expectations of service communicated by the Governor.

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

Alabama – Currently, all is quiet in Alabama. Our Governor has called a special session to focus on a state lottery and we will be reviewing all proposed legislation that may arise.

Alaska – Financial issues will restrict most, if not all, travel by the Board.

Arizona – There was a recent study done in Arizona recommending the consolidation of occupational boards which would include the Board of Accountancy.

California – Disciplinary Guidelines and Model Orders

The California Board of Accountancy (CBA) is presently undertaking a review of its Disciplinary Guidelines and Model Orders (Guidelines). The Guidelines are generally revised on a tri-annual basis. The current edition of Guidelines was adopted by the CBA in 2013. Once the revisions are completed and the revised Guidelines are adopted by the CBA, it will initiate a rulemaking to incorporate the Guidelines into regulation.

The Guidelines set forth recommended discipline for violations of the current statutes and regulations. Ensuring that the Guidelines is regularly updated, both regarding the recommended minimum and maximum penalties and the current statutes and regulations, is paramount to ensuring that the CBA meets its mission of consumer protection.

Continuing Education Rulemaking

In July 2016, the CBA initiated the rulemaking process to require prescribed CE for licensees who perform preparation engagements as their highest level of service. If approved, it is anticipated that the regulations will be effective in 2017.

Effective January 1, 2017, the current 10 semester unit ethics study educational requirement for CPA licensure will change to include a minimum of 3 semester or 4 quarter units in courses devoted to accounting ethics or accountants' professional responsibilities.

State of California Travel Restrictions

Under legislation signed into law last month, the State of California will not fund travel to states that have enacted a law after June 26, 2015 that authorizes or requires discrimination against same-sex couples or their families on the basis of sexual orientation, gender identity, or gender expression. The law includes certain exemptions and does not apply to travel necessary to enforce California law or to complete job-required training necessary to maintain licensure or similar standards. This would impact CBA travel to those states identified by the California Attorney General's office after this law takes effect January 1, 2017.

CNMI – Primarily our focus is on getting our statute updated. We have reached out to NASBA for assistance, and such assistance is being provided.

Colorado – There are several application denial hearings underway.

District of Columbia – (1) The District of Columbia Board of Accountancy will appear before the District of Columbia City Council to testify in support of its recent changes to the Chapter 28, Title 47, District of Columbia Uniform Accountancy Act. The proposed language appears under the Accountancy Practice Act of 2015 – focusing on defining “attestation”; residency eligibility requirements; clarification of CPA firm attestation requirements; illumination of outdated permit provisions; expands disciplinary action authority. (2) The District of Columbia also completed its first audit, and is establishing a procedural process to conduct periodic audits during renewal license cycles.

Florida – Florida continues to see a high CPE audit failure rate

Guam – Still working to get our pending mobility legislation passed, which is expected to occur in October 2016.

Hawaii – The Board is focused on effectively implementing its new peer review program.

Idaho – Idaho has recently seen an increase in the number of withheld judgments and the setting aside of previous guilty pleas and convictions in felony cases and dismissing and discharging defendants in which the individual has all rights restored. We are looking at tightening our legislation so that if these type of situations occur, we can consider the matter even though the conviction has been set aside and the case dismissed. Right now, it is unclear if looking at our Act & Rules we can give these cases weight in determining a course of action by the Board. We are hopeful our legislative change will go before the 2017 Idaho legislature.

Illinois BOE – We just completed and implemented a complete rewrite of our administrative rules wherein we increased the evaluation fee for domestic candidates from \$175 to \$200 and are now having NASBA do all foreign evaluations. We also implemented an advisory pre-evaluation service for \$50.

Iowa – Rolling review of rules.

Kentucky – The Kentucky Board is in the process of updating its CPE regulation. We worked with the Kentucky Society in developing the amendments.

Louisiana – Statute revisions were adopted August 1, 2016, including firm mobility, CPA-Retired status, and the ability for CPA Exam candidates to sit prior to obtaining 150 semester hours of education. We are reviewing our rules in their entirety to align with the statutes.

Maine – See response to #3. We are getting a fair number of requests to recognize substantially equivalent experience in a license application.

Maryland – The Board is experiencing a 13% increase in the volume of CPA Examination applications. The Board is now researching candidate performance, nationwide, to determine possible correlation with required course work to qualify for exam candidacy. The Board will be eliminating fees charged to licensees for license verifications. Scheduled for implementation on or about October 1, 2016.

Michigan – The Board, the State, and the MICPA (Michigan Association of CPAs) work closely together. We have quarterly meetings.

Mississippi – (1) Effective July 1, 2016, the Accountancy Statute amended the requirements for candidates to sit for the Exam to a baccalaureate degree of at least 120 collegiate-level semester hours. The Exam applicant must have also met the accounting concentration required by the Board. An applicant for a CPA license must have attained 150 collegiate-level semester hours prior to applying for a license. (2) The definition of attest in the Accountancy Law was amended to agree with the AICPA's definition of attest. (3) The Board amended its rules to adopt the AICPA Code of Professional Conduct effective October 17, 2016. Any conflict between the Board Rules and the AICPA Code of Professional Conduct shall be resolved in favor of the more restrictive requirement, as determined by the Board.

Missouri – Work is underway to update existing statutes and rules.

Montana – The peer review evolution is going to be big for smaller states who will lose their current AE.

Nebraska – A new Board Administrator was hired, Ms. Kristen VanWinkle, who replaces the longtime Administrator, Ms. Jo Lowe, who retired. She is learning quickly and was able to visit with several NASBA representatives at NASBA Headquarters in late August including CPAES and the communication team.

New Jersey – We recently were assigned an Acting Executive Director, Michael DeFrancisi, who is doing a wonderful job.

New Mexico – We continue to struggle with the Federal and State law's regarding audits of marijuana products. The New Mexico Board had changed our rules to comply with peer review standards.

New York – The New York Board continues to work on updating its regulations.

North Carolina – We have sent out an RFP to information technology consultants to review all aspects of our information technology platform and to advise us for the present and future.

North Dakota – Various rule changes are “on the table,” including the addition of an ethics CPE obligation, requiring the full 20/120 level of CPE for all active accountants, authorizing use of CGMA title, etc.

Ohio – Rule revision is currently under way for several sections of the Administrative Code. The ABO also recently hired Charlene Nortey as an investigator.

Oklahoma – Continued scrutiny of the North Carolina Dental Board case and State budgetary issues continue to make the landscape in Oklahoma fluid.

Oregon – The Oregon Board is working on finishing rule proposals related to inactive and retired status; the latter take a more permissive approach than the current national UAA approach. The Board is also working on a 2017 legislative concept to increase cooperation with regulatory agencies and law enforcement during the pendency of a Board investigation. The

current 2017-19 budget proposal for the Board will likely result in changing one investigator position to a lead investigator position that requires a CPA credential.

Tennessee – (1) Legislation was passed that will allow the Board access to peer review results. The Board is currently working on rules in order to fully implement. (2) As one of the 17+/- states that allow for firm mobility, we have still been able to access discipline to those practicing across state lines if they failed to follow Tennessee laws and rules.

Texas – The continuation of our active enforcement program in the unlicensed practice of public accountancy (UPPA). The state society will have a new CEO Jodi Ann Ray, CCE, IOM going into 2017 replacing the retiring John Sharbaugh who will assume the role of Governmental Liaison.

Vermont – As indicated above, we are in process of a redraft of the Vermont Rules. These have been drafted in the new format developed by the Office of Professional Regulation. Significant proposed changes to the rules, in addition to the format change, include a SSN requirement, an intent to practice in Vermont assertion, clarification of self-reporting requirements, CPE Rule changes to adopt the new Statement on Standards for Continuing Professional Education Programs and fields of study and the addition of mandatory facilitated State Board access to peer review results. The Board will continue work to finalize the proposed Rule revisions at the October Board Meeting and we hope to open proposed changes up for public comment in November or December of 2016. This should allow us to go through the Vermont administrative rule-making process in late 2016/early 2017.

Virginia – The Virginia Board of Accountancy is in the process of selecting a vendor for a new licensing/database system.

Washington – We have implemented firm mobility.

Wyoming – The contract for design and implementation of the Board's new licensing management system continues to be the thing that is most time consuming, frustrating and troubling.

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

Alabama – NASBA has been extremely helpful and supportive in so many areas this year. We appreciate the proactive approach to current issues and bringing issues to the forefront.

Alaska – The Board will need to request scholarships to maintain attendance and participation.

Arkansas – We may need assistance with 2017 peer review legislation.

Colorado – The Colorado Board would like an update on the progress of the CPE tracking tool.

California – The California Board of Accountancy will be performing outreach regarding the changes to the ethics study requirement via various social media outlets (Facebook, Twitter, E-News, etc.). The California Board of Accountancy would appreciate any assistance NASBA can offer in sharing its message to target out-of-state students that may have intentions to apply for CPA licensure in California.

District of Columbia – Members will discuss any needs at the 2016 Annual Conference.

Florida – Continue pushing for a solution to the anti-trust issue raised as a result of the North Carolina Dental Board case. Florida is deemed noncompliant from a definition of attest. The attorney that wrote the language and the Board Chair believe that Florida’s definition is properly inclusive. How can the Board get clarity?

Guam – Yes, by eliminating the possibility of CPA Exam administration in China and Korea.

Hawaii – The Hawaii Board continues to greatly appreciate NASBA’s support in providing scholarships to Board members and the Executive Officer to attend its Regional and Annual Meetings.

Maine – We would welcome NASBA’s leadership during the dialogue about oversight of peer review under the proposed new regional AE model. We do not have the resources to staff a PROC.

Montana – The Board’s ability to continue to protect in light of the “unfair trade” environment is currently driving federal and state government legislative decisions.

Nebraska – The Board continues to review and monitor new technology to employ into a new backend database system. NASBA continued support in the IT area would be helpful.

Nevada – The Board is looking into possible videos or PSAs that might be helpful to the public.

New Mexico – NASBA is helping New Mexico change the law in March 2017. NASBA should/is monitoring changes by AICPA in administering the peer review program to protect the various Board’s interest.

Oregon – The Board is working with Pat Hartman on potential NASBA training opportunities for its licensing team – much appreciated.

Tennessee – The Board would be interested in exploring the idea of NASBA assisting us with peer review oversight.

Virginia – Continued support for additional white board videos.

Washington – I think the biggest concern at this point is the proposed changes by the AICPA to the peer review process. We will be responding with a letter to both NASBA and the AICPA to articulate these concerns.

Wyoming – We are uncertain of any pressing need right now. We have had great responsiveness from NASA staff as issues arise. The Board always receives great support from NASBA. Thank you.

6. NASBA Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

Input only from Board Chair: IL BOE, ME, UT

Input only from Executive Director: AL, AZ, CA, DC, IA, KY, LA, MD, MO, ND, NY, WA, WY

Input only from Board Chair and Executive Director: AL, FL, MI, NM, OR, TN, TX

Input from all Board Members and Executive Director: GU, HI, NE, OK, SD, VA, VT

Input from some Board Members and Executive Director: CO, ID, KS, MT, NV

Input from all Board Members: NC

Input from some Board Members: CNMI, NJ, RI

Other (please explain below):

Input from Executive Director, Assistant Executive Director, Investigative Supervisor: OH

Input from Executive Director based on previous discussions/decisions by the Board: AR

Input from some Board Members, the Executive Director and the Associate Director: MS

10.26.16

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REGIONAL DIRECTORS' FOCUS QUESTIONS

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

*The input received from our Focus Questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next Board meeting to allow for sufficient time for discussion. Only one set of responses should be submitted per Board. **Please submit your Board's responses by December 5, 2016.***

GENERAL INFORMATION

Name of person submitting form: *

Board of Accountancy: *

Please select...

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

Email: *

Phone:

QUESTIONS

1. In the 2016 election, did your state vote for any measure that will impact your Accountancy Board directly?

- Yes
- No

1. If Yes, please explain below.

2. Do you believe your Board will soon be interested in considering uniform language allowing use of management accounting designations? Please select.

- (a) We are just awaiting the language being proposed by NASBA and the AICPA.
- (b) We believe our existing language does not need to be modified to permit the use of management accounting designations.
- (c) We have already modified our language.
- (d) We will wait to see how other Boards handle this issue.
- (e) It is not high on our legislative wish list.
- (f) We are not going to permit the use of such designations.
- (g) We have not yet discussed this issue.
- (h) Other (please explain below):

2. If you answered Other, please explain below

--

3. (A) Now that the need for reciprocal recognition is being removed from the UAA, do you think your Board would be ready to recognize non-US auditors with credentials found to be substantially equivalent to the CPA's by the NASBA/AICPA International Qualifications Appraisal Board (IQAB)?

- 3A (a) As soon as IQAB makes each recommendation, we will consider implementing it.
- 3A (b) We will approve all of IQAB's recommendations.
- 3A (c) We will only consider mutual recognition agreements.
- 3A (d) Will require more Board discussion.
- 3A (e) Other (please explain below)

3A. If you answered Other, please explain below:

--

3. (B) Will your Board need to amend its laws to allow for this unilateral pathway?

- (a) Yes
- (b) No
- (c) Maybe

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

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

No.

Yes. Please explain below.

5. If you answered Yes, please explain below:

6. NASBA Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

Input only from Board Chair

Input only from Executive Director

Input only from Board Chair and Executive Director

Input from all Board Members and Executive Director

Input from some Board Members and Executive Director

Input from all Board Members

Input from some Board Members

Other (please explain below)

6. If you answered Other, please explain below:

Submit

[Save my progress and resume later](#) | [Resume a previously saved form](#)

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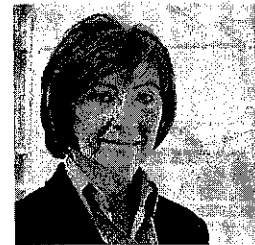
NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

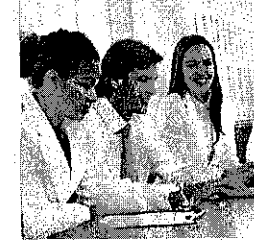
CANDIDATE CONCERNS 16Q3

CANDIDATE CARE DEPARTMENT

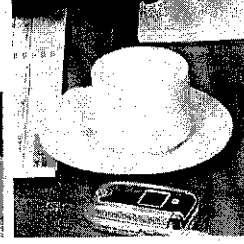
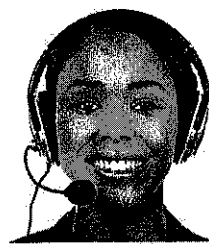
JULY 1 - SEPTEMBER 10, 2016



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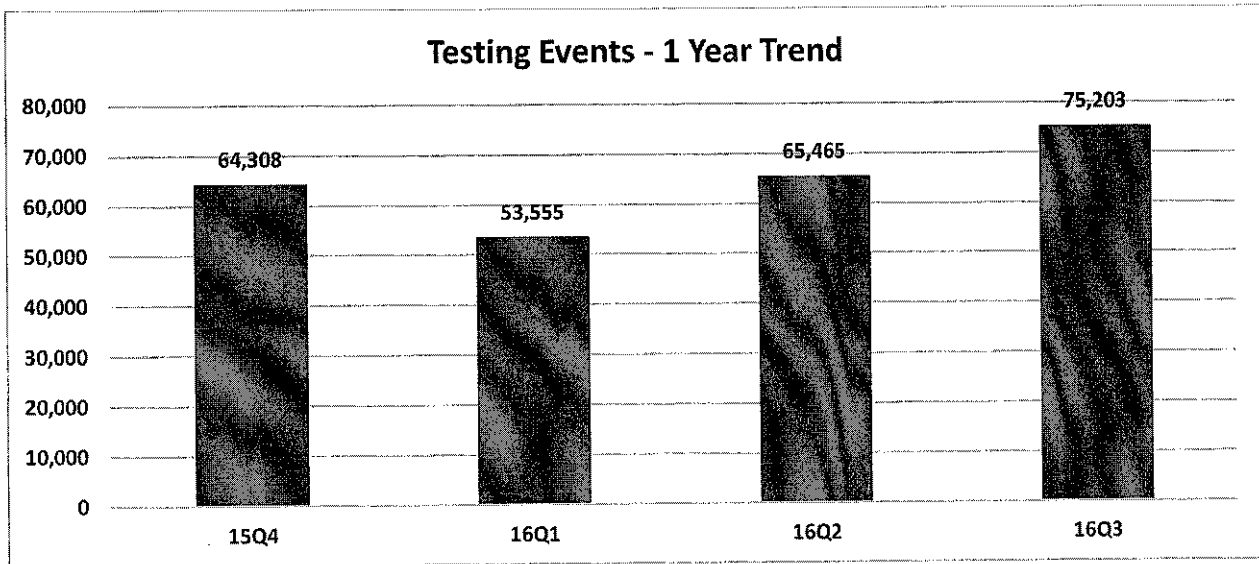


CANDIDATE CARE CONCERNS

16Q3

July 1-September 10, 2016

This report is a synopsis of issues presented to NASBA's Candidate Care Department from CPA candidates during the third testing window of 2016.



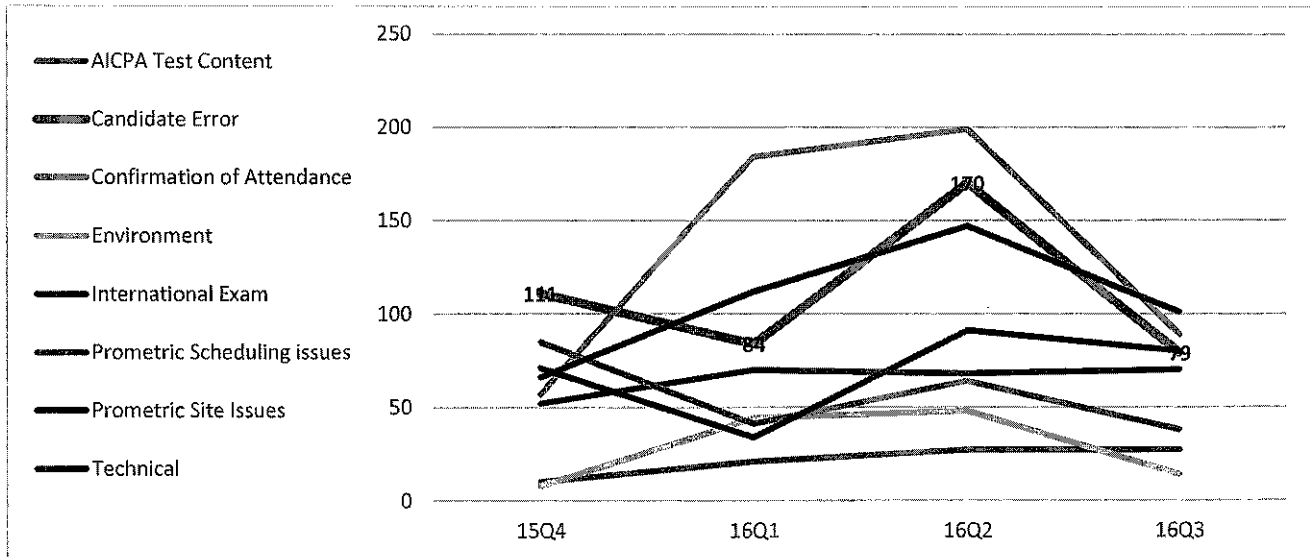
Summary of Candidate Concerns

Category	15Q4	16Q1	16Q2	16Q3
Summary of Candidate Care Concerns				
AICPA Test Content	10	21	27	27
Candidate Error	111	84	170	79
Confirmation of Attendance	57	184	199	89
Environment	8	44	48	14
International Exam	52	70	68	70
Prometric Scheduling issues	85	41	64	38
Prometric Site Issues	71	34	91	80
Technical	66	112	147	101
Subtotal	460	590	814	498
*Coordinator Follow-Up	405	398	556	526
*CPAES & NCD	245	241	223	270
Total	1110	1229	1593	1294

Candidate Errors:

There was a decrease in the number of candidate errors during the 16Q3 testing window. This appears to be in response to the continuous reminders to candidates through email blasts, blogs and social media.

I have received requests from some Boards to elaborate on the other issues that are frequently received and addressed by NASBA's Candidate Care Department:



AICPA Test Content:

Candidates are advised on the Confirmation of Attendance that if they have a concern about the actual content of the examination that they need to contact the AICPA for a response.

However, some candidates contact NASBA's Candidate Care Department after receiving a failing score with concerns about the scoring process. They are given information as to how to access the AICPA website for details regarding scoring and in rare instances NASBA will arrange a conference call for the candidate to consult with a psychometrician.

Confirmation of Attendance:

When a candidate completes an examination they are given a Confirmation of Attendance print out at the test center before leaving. If for some reason the Confirmation does not print candidates are told to contact NASBA's Candidate Care Department. We are able to look at their examination file and confirm for them that all of their answers in all four testlets were captured, saved and successfully transmitted to the AICPA for scoring. Also, there are instances when a candidate lets the time run out on the examination and is not able to "submit" the final testlet. They become concerned that the testlet will not be scored with the rest of the exam. We are able to look at their exam file and reassure them that it is not necessary to hit the 'submit' button and that everything is automatically saved.

Environmental Issue:

This category encompasses all of the weather events experienced during a testing window. Often NASBA's Candidate Care Department is required to assist candidates in obtaining extensions to their NTSS when their scheduled exams are cancelled due to test center closures. Stay tuned for a report on the effects of hurricane Matthew in our next report.

International Exam:

These concerns are primarily about how to pay the international surcharge or about difficulty finding an available seat at an international location. They are directed to the coordinator who assists international candidates or to Prometric regarding scheduling an appointment.

Prometric Scheduling Issues:

This category includes candidates who request to have extensions to their NTSs or to have the rescheduling fee waived based on personal issues such as a death in the family, illness or an unforeseen misfortune that prevented them from taking the exam on their scheduled appointment date. NASBA's Candidate Care Department directs them either to Prometric to appeal the rescheduling fee or to their Board or to the Exception to Policy form for CPAES States to request an extension to the NTS if required.

Prometric Site Issues:

This is an important category to help monitor any issues that may need to be followed up on regarding the test centers. Candidates may report difficulties with their interactions with the staff at test centers, temperature problems, excessive noise or lack of cleanliness. Each concern is followed up with Prometric and when necessary a site visit may be conducted.

Technical issues:

Candidates report a variety of difficulties related to the actual technology of the exam. Exam computers may crash and candidates want to know if they lost time. Or, there might be a perceived problem with the onscreen calculator, keyboard or monitor that needs further investigation in order to determine if the issue warrants a free retest. Each candidate concern is taken seriously and investigated assisted by both the AICPA and Prometric and the appropriate action is taken.

Coordinator Follow-Up:

This category relates to all of the many questions candidates present regarding the application process, eligibility issues, and specific Board requirements. Candidate Care responds to each email and forwards it to the appropriate coordinator for the particular State in question.

CPAES & NCD:

These questions from candidates are more general in nature such as: When should I expect to get my score? I forgot my user name and password. How do I get my foreign education evaluated? I have passed the exam, what do I do to get licensed?

NASBA's Candidate Care responds to many of the general questions and refers others to the appropriate individual or department for a response.

Once again, NASBA's Candidate Care Department thanks you for the opportunity to assist your candidates in their quest to reach this life-changing goal of passing the challenging CPA Examination.

Sincerely, Penny Vernon, Manager Candidate Care, NASBA