

Meeting Agenda
SOUTH DAKOTA BOARD OF ACCOUNTANCY
 Conference Call
 Call in Number 1-844-833-2681 Access Code 0174956#
 December 5, 2017
 9:00 a.m. (CDT)

A=Action
 D=Discussion
 I=Information

A. Call to Order.....	Pummel
B. Roll Call.....	Kasin
C. A-Approval of Minutes of Meeting October 26, 2017.....	2-4
D. A-Approval of Certificates & Firm Permits.....	5-6
E. A-Approval of Financial Statements through October 2017.....	7-15
F. A-Report to Board on 2 nd Request for CPE Extensions.....	16-17
G. A-Report to Board on Request for Reinstatement of Relinquished CPA License.....	18-19
H. D-Executive Director's Report.....	20

AICPA

I. D- Board of Examiners Meeting Highlights October 5-6, 2017.....	21-23
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NASBA

J. D-Board of Directors Meeting Minutes July 21, 2017.....	24-31
K. D-Board of Directors Meeting Highlights October 27 & 31, 2017.....	32-33
L. D-Approved UAA Model Rules for CPE.....	34-43
M. D-Executive Summary and Regional Directors Focus Questions October 2017.....	44-66
N. A-Quarterly Focus Questions.....	67-69

EXECUTIVE SESSION

O. Equivalent Reviews, South Dakota Reviews and off-site requests for Board Approval.....	Spt. Pkt.
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FUTURE MEETING DATES (all times CT)

- P. Meeting Dates TBD
- Q. Adjournment

Meeting Minutes
SOUTH DAKOTA BOARD OF ACCOUNTANCY
Conference Call
October 26, 2017 9:00 a.m. CDT

Chair David Pummel called the meeting to order at 9:04 a.m. Nicole Kasin called the roll. A quorum was present.

Members Present: Jeff Strand, Holly Brunick, Marty Guindon, Jeff Smith, Deidre Budahl, and David Pummel.

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

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

Addition to Firm Permits

Approval of Financial statements through September 2017

Addition to 2nd Requests for CPE Extensions

Addition to Executive Session

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

Holly Brunick made a motion to approve the September 27, 2017 meeting minutes. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Brunick -yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Jeff Smith made a motion to approve the issuance of individual certificates and firm permits through October 24, 2017. Holly Brunick seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Marty Guindon made a motion to approve the financial statements through September 2017. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Brunick -yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

The Board discussed the Proposed Statute language. A task force was developed consisting of David Pummel, Jeff Strand, and Deidre Budahl. The task force will meet on November 9th with members of SD CPA Society.

The Board reviewed the report on the CPA exam grades for the 54th Window.

Deidre Budahl made a motion to approve the CPA exam scores for the 54th window through September 2017. Holly Brunick seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand -yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

The Board discussed the CPE extension requests for Jack Dugan, Jason Malsam, Christ Economo, Jill LaCroix, Joseph Godshall, Dale Norton, David Guy, Andrea Vugteveen, Susan Meidinger, and Adekunle Richard Ayodele.

Deidre Budahl made a motion to deny Jack Dugan's request for a 2nd CPE extension based on Dugan's failing to meet the requirements of ARSD 20:75:04:10 and to have the Board suspend

his license for a period of 3 months, with 3 months held in abeyance for 1 year subject to Dugan: completing necessary CPE by December 31, 2017, paying an administrative fine of \$100 due within 30 days, and complying with the laws and rules of the Board. In addition, Dugan will not be granted CPE extensions for 3 years and is subject to a CPE audit. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Jeff Strand made a motion to deny Jason Malsam's request for a 2nd CPE extension based on Malsam's failing to meet the requirements of ARSD 20:75:04:10 and to have the Board suspend his license for a period of 3 months, with 3 months held in abeyance for 1 year subject to Malsam: completing necessary CPE by December 31, 2017, paying an administrative fine of \$100 due within 30 days, and complying with the laws and rules of the Board. In addition, Malsam will not be granted CPE extensions for 3 years and is subject to a CPE audit. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-recused; Smith-yea; Budahl-yea; Pummel-yea)

Jeff Strand made a motion to deny Christ Economo's request for a 2nd CPE extension based on Economo's failing to meet the requirements of ARSD 20:75:04:10 and to have the Board suspend his license for a period of 3 months, with 3 months held in abeyance for 1 year subject to Economo: completing necessary CPE by December 31, 2017, paying an administrative fine of \$100 due within 30 days, and complying with the laws and rules of the Board. In addition, Economo will not be granted CPE extensions for 3 years and is subject to a CPE audit. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Marty Guindon made a motion to grant Jill LaCroix's request for a 2nd CPE extension through December 31, 2017, based on LaCroix meeting the requirements of ARSD 20:75:04:10 and the individual will also be subject to a CPE audit. Holly Brunick seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Holly Brunick made a motion to grant Joseph Godshall's request for a 2nd CPE extension through December 31, 2017, based on Godshall meeting the requirements of ARSD 20:75:04:10 and the individual will also be subject to a CPE audit. If the CPE is not completed by December 31, 2017, the individual may be subject to disciplinary action. Jeff Smith seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Marty Guindon made a motion to deny Dale Norton's request for a 2nd CPE extension based on Norton's failing to meet the requirements of ARSD 20:75:04:10 and to have the Board suspend his license for a period of 3 months, with 3 months held in abeyance for 1 year subject to Norton: completing necessary CPE by December 31, 2017, paying an administrative fine of \$100 due within 30 days, and complying with the laws and rules of the Board. In addition, Norton will not be granted CPE extensions for 3 years and is subject to a CPE audit. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Jeff Smith made a motion to grant David Guy's request for a 2nd CPE extension through November 30, 2017, based on Guy meeting the requirements of ARSD 20:75:04:10 and the individual will also be subject to a CPE audit. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Marty Guindon made a motion to deny Andrea Vugteveen's request for a 2nd CPE extension

based on Vugteveen's failing to meet the requirements of ARSD 20:75:04:10 and to have the Board suspend her license for a period of 3 months, with 3 months held in abeyance for 1 year subject to Vugteveen: paying an administrative fine of \$100 due within 30 days, and complying with the laws and rules of the Board. In addition, Vugteveen will not be granted CPE extensions for 3 years and is subject to a CPE audit. Deidre Budahl seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Holly Brunick made a motion to grant Susan Meidinger's request for a 2nd CPE extension through November 30, 2017, based on Meidinger meeting the requirements of ARSD 20:75:04:10 and the individual will also be subject to a CPE audit. Marty Guindon seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

Deidre Budahl made a motion to grant Adekunle Richard Ayodele request for a 2nd CPE extension through November 30, 2017, based on Ayodele meeting the requirements of ARSD 20:75:04:10 and the individual will also be subject to a CPE audit. Jeff Strand seconded the motion. A roll call vote was taken. **MOTION PASSED.** (Strand-yea; Brunick-yea; Guindon.-yea; Smith-yea; Budahl-yea; Pummel-yea)

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

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

The Board came out of executive session.


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


The Board discussed the finalized 2016 Board audit.

FUTURE MEETING DATES (all times CT)
December 5, 2017 – 9:00 a.m. conference call
January 18, 2018 – 9:00 a.m. conference call

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

All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 10:57 a.m.


David Pummel, CPA, Chair

Attest: 
Nicole Kasin, Executive Director


Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through November 29, 2017

Number	Name	Date Issued	Location
3343	Jared Allen Jacobson	10/25/17	Aberdeen, SD
3344	Maggie Mae Irvin	10/31/17	Huron, SD
3345	Bryan Robert Hakeman	11/14/17	Sioux Falls, SD
3346	Andrew J. Adams	11/17/17	Sioux Falls, SD

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

**Issued Through
November 29, 2017**

Number	Name	Date Issued	Basis/Comments
1703	Lipschultz, Levin & Gray LLC Northbrook, IL	10/31/17	New Firm
1704	Greg Hollibaugh, CPA, Inc. Rapid City, SD	11/06/17	New Firm
1705	Bradley R. Bergerson, CPA Slayton, MN	11/09/17	New Firm
1706	HSMC Orizon LLC Omaha, NE	11/17/17	New Firm
1707	Jeannie Ericsson, CPA, PC Lemmon, SD	11/21/17	Name Change

BAL1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 10/31/2017

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	528,663.68	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			528,663.68	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			528,663.68	DR **	
BUDGET UNIT TOTAL 1031			528,663.68	DR ***	

AGENCY BUDGET CENTER-5	UNIT 1031	LABOR & REGULATION BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS													
6503	103100061802	51010100			CSEX171012		10/18/2017					2,491.44	DR
	OBJSUB:	5101010			F-T EMP SAL & WAGES							2,491.44	DR *
6503	103100061802	51010200			CSEX171012		10/18/2017					938.44	DR
	OBJSUB:	5101020			P-T/TEMP EMP SAL & WAGES							938.44	DR *
6503	103100061802	51010300			CSEX171012		10/18/2017					300.00	DR
	OBJSUB:	5101030			BOARD & COMM MBS FEES							300.00	DR *
6503	103100061802	51020100			CSEX171012		10/18/2017					3,729.88	DR **
	OBJSUB:	5102010			CAST-EMPLOYER'S SHARE							3,729.88	DR **
6503	103100061802	51020200			CSEX171012		10/18/2017					251.65	DR
	OBJSUB:	5102020			RETIREMENT-ER SHARE							251.65	DR *
6503	103100061802	51020600			CSEX171012		10/18/2017					205.93	DR *
	OBJSUB:	5102060			HEALTH/LIFE INS.-ER SHARE							205.93	DR *
6503	103100061802	51020800			CSEX171012		10/18/2017					746.00	DR *
	OBJSUB:	5102080			WORKER'S COMPENSATION							746.00	DR *
6503	103100061802	51020900			CSEX171012		10/18/2017					5.71	DR *
	OBJSUB:	5102090			UNEMPLOYMENT COMPENSATION							5.71	DR *
6503	103100061802	52041600			CSEX171030		11/01/2017					1,210.85	DR **
	OBJSUB:	5204160			EMPLOYEE BENEFITS							1,210.85	DR **
6503	103100061802	52041600			CSEX171030		10/04/2017					4,940.73	DR ***
	OBJSUB:	5204160			PERSONAL SERVICES							4,940.73	DR ***
6503	103100061802	52041600			08084-08088		10/04/2017					3,475.00	DR
	OBJSUB:	5204160			WORKSHOP REGISTRATION FEE							3,475.00	DR
6503	103100061802	52041800			DP8090999		10/20/2017					106.05	DR *
	OBJSUB:	5204180			COMPUTER SERVICES-STATE							106.05	DR *
6503	103100061802	52042000			RM809048		10/18/2017					73.92	DR
	OBJSUB:	5204200			CENTRAL SERVICES							73.92	DR *
6503	103100061802	52042200			IN438388		10/13/2017					75.08	DR *
	OBJSUB:	5204220			EQUIPMENT SERV & MAINT							75.08	DR *
6503	103100061802	52042300			18-014 JUL-JUN18		10/27/2017					134.25	DR *
	OBJSUB:	5204230			JANITORIAL & MAINT SERV							134.25	DR *
6503	103100061802	52043200			10881		10/04/2017					7,200.00	DR *
	OBJSUB:	5204320			AUDIT SERVICES-PRIVATE							7,200.00	DR *

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 10/31/2017

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APEVL # / OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	52044900	ACCONTRENT2018	10/25/2017	02224762	MCGINNISRO	12074040		1,269.45	DR
OBJSUB: 5204490 RENTS-PRIVATE OWNED PROP.										
6503	103100061802	52045300	TR809151	10/18/2017	00448461	MIDDCONTINE	12023782		1,269.45	DR *
6503	103100061802	52045300	1111090018968	10/04/2017	00457783	MIDDCONTINE	12023782		94.23	DR
6503	103100061802	52045300	1111090019024	11/03/2017	00451327	MIDDCONTINE	12279233		255.00	DR
6503	103100061802	52045300	8381416X08242017	10/11/2017	00451327	AFTMOBILITE	12279233		56.46	DR
6503	103100061802	52045300	8381416X09242017	11/01/2017	00457508	AFTMOBILITE	12279233		56.46	DR
OBJSUB: 5204530 TELECOMMUNICATIONS SVCS										
6503	103100061802	52045400	5159417006 0917	10/11/2017	02222479	XCELENERGY	12023853		717.15	DR *
OBJSUB: 5204540 ELECTRICITY										
6503	103100061802	52047400	CI108A-011	10/11/2017	307419				43.01	DR *
OBJSUB: 5204740 BANK FEES AND CHARGES										
6503	103100061802	52049600	13791787	10/04/2017	00448375	NATLASSNST	12005047		7,043.35	DR
6503	103100061802	52049600	13797403	11/01/2017	00456514	NATLASSNST	12005047		132.76	DR *
OBJSUB: 5204960 OTHER CONTRACTUAL SERVICE										
6503	103100061802	52053200	CONTRACTUAL SERVICES 22181	11/01/2017	00457210	PREFERREDP	12308425		25,731.93	DR **
OBJSUB: 5205320 PRINTING-COMMERCIAL										
OBJECT: 5205 SUPPLIES & MATERIALS										
GROUP: 52 OPERATING EXPENSES										
COMP: 6503										
CNTR: 103100061802										
B. UNIT: 1031										

South Dakota Board of Accountancy
Balance Sheet
As of October 31, 2017

	Oct 31, 17
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	2,850.13
1140000 · Pool Cash State of SD	528,663.68
Total Checking/Savings	531,513.81
Other Current Assets	
1131000 · Interest Income Receivable	4,246.81
1213000 · Investment Income Receivable	1,522.99
Total Other Current Assets	5,769.80
Total Current Assets	537,283.61
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
1670000 · Computer Software - Other	15,301.00
Total 1670000 · Computer Software	15,301.00
Total Fixed Assets	15,301.00
TOTAL ASSETS	552,584.61
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	14,341.27
Total Accounts Payable	14,341.27
Other Current Liabilities	
2430000 · Accrued Wages Payable	9,844.91
2810000 · Amounts Held for Others	26,469.19
Total Other Current Liabilities	36,314.10
Total Current Liabilities	50,655.37
Long Term Liabilities	
2960000 · Compensated Absences Payable	19,161.66
Total Long Term Liabilities	19,161.66
Total Liabilities	69,817.03
Equity	
3220000 · Net Position	317,825.02
3900 · Retained Earnings	9,019.48
Net Income	155,923.08
Total Equity	482,767.58
TOTAL LIABILITIES & EQUITY	552,584.61

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July through October 2017

	Jul - Oct 17	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	775.00	2,500.00	-1,725.00	31.0%
4293551 · Certificate Renewals-Active	65,500.00	58,000.00	7,500.00	112.9%
4293552 · Certificate Renewals-Inactive	19,950.00	21,000.00	-1,050.00	95.0%
4293553 · Certificate Renewals-Retired	1,280.00	1,050.00	230.00	121.9%
4293554 · Initial Firm Permits	250.00	700.00	-450.00	35.7%
4293555 · Firm Permit Renewals	14,750.00	15,500.00	-750.00	95.2%
4293557 · Initial Audit	210.00	900.00	-690.00	23.3%
4293558 · Re-Exam Audit	780.00	2,460.00	-1,680.00	31.7%
4293560 · Late Fees-Initial Certificate	50.00	0.00	50.00	100.0%
4293561 · Late Fees-Certificate Renewals	2,500.00	3,000.00	-500.00	83.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	400.00	500.00	-100.00	80.0%
4293564 · Late Fees-Peer Review	450.00	1,300.00	-850.00	34.6%
4293566 · Firm Permit Owners				
5208003 · REFUNDS	-65.00			
4293566 · Firm Permit Owners - Other	114,025.00	105,000.00	9,025.00	108.6%
Total 4293566 · Firm Permit Owners	113,960.00	105,000.00	8,960.00	108.5%
4293567 · Peer Review Admin Fee	675.00	5,500.00	-4,825.00	12.3%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	100.0%
4293569 · Initial FAR	540.00	1,140.00	-600.00	47.4%
4293570 · Initial REG	240.00	660.00	-420.00	36.4%
4293571 · Initial BEC	240.00	930.00	-690.00	25.8%
4293572 · Re-Exam FAR	690.00	1,860.00	-1,170.00	37.1%
4293573 · Re-Exam REG	750.00	2,310.00	-1,560.00	32.5%
4293574 · Re-Exam BEC	480.00	2,310.00	-1,830.00	20.8%
4491000 · Interest and Dividend Revenue	5,470.45	4,000.00	1,470.45	136.8%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	230,040.45	231,720.00	-1,679.55	99.3%
Gross Profit	230,040.45	231,720.00	-1,679.55	99.3%
Expense				
5101010 · F-T Emp Sal & Wages	20,506.97	76,588.00	-56,081.03	26.8%
5101020 · P-T/Temp Emp Sal & Wages	7,976.73	31,035.00	-23,058.27	25.7%
5101030 · Board & Comm Mbrs Fees	1,920.00	4,683.00	-2,763.00	41.0%
5102010 · OAS-Employer's Share	2,054.23	8,281.00	-6,226.77	24.8%
5102020 · Retirement-ER Share	1,709.16	6,495.00	-4,785.84	26.3%
5102060 · Health /Life Ins.-ER Share	6,019.84	21,183.00	-15,163.16	28.4%
5102080 · Worker's Compensation	48.31	43.00	5.31	112.3%
5102090 · Unemployment Insurance	12.81	108.00	-95.19	11.9%
5203010 · Auto--State Owned	0.00	400.00	-400.00	0.0%
5203020 · Auto-Private-Owens Low Mileage	103.04	400.00	-296.96	25.8%
5203030 · In State-Auto- Priv. High Miles	672.00	1,500.00	-828.00	44.8%
5203100 · In State-Lodging	163.00	1,000.00	-837.00	16.3%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNight	111.00	400.00	-289.00	27.8%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	149.61	6,000.00	-5,850.39	2.5%
5203280 · OS-Other Public Carrier	0.00	500.00	-500.00	0.0%
5203300 · OS-Lodging	0.00	7,800.00	-7,800.00	0.0%
5203320 · OS-Incidentals to Travel	0.00	450.00	-450.00	0.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	1,000.00	-1,000.00	0.0%
5204010 · Subscriptions	283.83	1,000.00	-716.17	28.4%
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	7,200.00	7,100.00	100.00	101.4%
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	3,047.06	6,000.00	-2,952.94	50.8%
5204180 · Computer Services-State	424.20	5,000.00	-4,575.80	8.5%
5204181 · Computer Development Serv-State	1,683.60	2,000.00	-316.40	84.2%

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

	Jul - Oct 17	Budget	\$ Over Budget	% of Budget
5204200 · Central Services	2,152.92	9,000.00	-6,847.08	23.9%
5204220 · Equipment Service & Maintenance	12.64	300.00	-287.36	4.2%
5204230 · Janitorial/Maintenance Services	537.00	1,650.00	-1,113.00	32.5%
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	15,734.00	-10,656.20	32.3%
5204510 · Rent-Other	0.00	500.00	-500.00	0.0%
5204530 · Telecommunications Services	1,631.91	3,500.00	-1,868.09	46.6%
5204540 · Electricity	190.29	865.00	-674.71	22.0%
5204560 · Water	32.35	240.00	-207.65	13.5%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	4,205.56	6,500.00	-2,294.44	64.7%
5204960 · Other Contractual Services	79.40	0.00	79.40	100.0%
5205020 · Office Supplies	412.54	2,000.00	-1,587.46	20.6%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	250.00	-250.00	0.0%
5205320 · Printing/Duplicating/Binding Co	62.10	1,000.00	-937.90	6.2%
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	0.00	2,000.00	-2,000.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	1,529.47	6,000.00	-4,470.53	25.5%
Total Expense	74,117.37	274,415.00	-200,297.63	27.0%
Net Ordinary Income	155,923.08	-42,695.00	198,618.08	-365.2%
Net Income	155,923.08	-42,695.00	198,618.08	-365.2%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
October 2017

	<u>Oct 17</u>	<u>Oct 16</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	250.00	-200.00	-80.0%
4293551 · Certificate Renewals-Active	50.00	50.00	0.00	0.0%
4293552 · Certificate Renewals-Inactive	0.00	50.00	-50.00	-100.0%
4293554 · Initial Firm Permits	50.00	100.00	-50.00	-50.0%
4293555 · Firm Permit Renewals	100.00	0.00	100.00	100.0%
4293557 · Initial Audit	30.00	0.00	30.00	100.0%
4293558 · Re-Exam Audit	180.00	300.00	-120.00	-40.0%
4293561 · Late Fees-Certificate Renewals	50.00	50.00	0.00	0.0%
4293564 · Late Fees-Peer Review	0.00	50.00	-50.00	-100.0%
4293566 · Firm Permit Owners	260.00	195.00	65.00	33.3%
4293568 · Firm Permit Name Change	25.00	0.00	25.00	100.0%
4293569 · Initial FAR	120.00	90.00	30.00	33.3%
4293570 · Initial REG	0.00	30.00	-30.00	-100.0%
4293572 · Re-Exam FAR	120.00	210.00	-90.00	-42.9%
4293573 · Re-Exam REG	90.00	210.00	-120.00	-57.1%
4293574 · Re-Exam BEC	180.00	240.00	-60.00	-25.0%
Total Income	<u>1,305.00</u>	<u>1,825.00</u>	<u>-520.00</u>	<u>-28.5%</u>
Gross Profit	1,305.00	1,825.00	-520.00	-28.5%
Expense				
5101010 · F-T Emp Sal & Wages	2,491.44	2,204.37	287.07	13.0%
5101020 · P-T/Temp Emp Sal & Wages	938.44	959.47	-21.03	-2.2%
5101030 · Board & Comm Mbrs Fees	300.00	240.00	60.00	25.0%
5102010 · OASI-Employer's Share	251.65	226.88	24.77	10.9%
5102020 · Retirement-ER Share	205.93	189.84	16.09	8.5%
5102060 · Health /Life Ins.-ER Share	746.00	720.72	25.28	3.5%
5102080 · Worker's Compensation	5.71	3.78	1.93	51.1%
5102090 · Unemployment Insurance	1.56	1.22	0.34	27.9%
5204010 · Subscriptions	283.83	0.00	283.83	100.0%
5204160 · Workshop Registration Fees	267.06	0.00	267.06	100.0%
5204180 · Computer Services-State	106.05	769.05	-663.00	-86.2%
5204181 · Computer Development Serv-State	414.00	0.00	414.00	100.0%
5204200 · Central Services	421.57	280.58	140.99	50.3%
5204220 · Equipment Service & Maintenance	4.08	2.14	1.94	90.7%
5204230 · Janitorial/Maintenance Services	134.25	130.34	3.91	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	447.22	233.62	213.60	91.4%
5204540 · Electricity	53.45	57.22	-3.77	-6.6%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204740 · Bank Fees and Charges	132.76	152.05	-19.29	-12.7%
5204960 · Other Contractual Services	39.70	0.00	39.70	100.0%
5205020 · Office Supplies	0.00	91.99	-91.99	-100.0%
5205320 · Printing/Duplicating/Binding Co	41.40	75.90	-34.50	-45.5%
5205350 · Postage	0.00	1,000.00	-1,000.00	-100.0%
5228000 · Operating Transfers Out-NonBudg	0.00	749.50	-749.50	-100.0%
Total Expense	<u>8,626.55</u>	<u>9,451.47</u>	<u>-824.92</u>	<u>-8.7%</u>
Net Ordinary Income	<u>-7,321.55</u>	<u>-7,626.47</u>	<u>304.92</u>	<u>4.0%</u>
Net Income	<u><u>-7,321.55</u></u>	<u><u>-7,626.47</u></u>	<u><u>304.92</u></u>	<u><u>4.0%</u></u>

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

	Jul - Oct 17	Jul - Oct 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	775.00	1,400.00	-625.00	-44.6%
4293551 · Certificate Renewals-Active	65,500.00	59,400.00	6,100.00	10.3%
4293552 · Certificate Renewals-Inactive	19,950.00	19,250.00	700.00	3.6%
4293553 · Certificate Renewals-Retired	1,280.00	1,200.00	80.00	6.7%
4293554 · Initial Firm Permits	250.00	400.00	-150.00	-37.5%
4293555 · Firm Permit Renewals	14,750.00	13,450.00	1,300.00	9.7%
4293557 · Initial Audit	210.00	150.00	60.00	40.0%
4293558 · Re-Exam Audit	780.00	840.00	-60.00	-7.1%
4293560 · Late Fees-Initial Certificate	50.00	100.00	-50.00	-50.0%
4293561 · Late Fees-Certificate Renewals	2,500.00	2,200.00	300.00	13.6%
4293563 · Late Fees-Firm Permit Renewals	400.00	400.00	0.00	0.0%
4293564 · Late Fees-Peer Review	450.00	350.00	100.00	28.6%
4293566 · Firm Permit Owners	113,960.00	102,105.00	11,855.00	11.6%
4293567 · Peer Review Admin Fee	675.00	225.00	450.00	200.0%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	0.0%
4293569 · Initial FAR	540.00	300.00	240.00	80.0%
4293570 · Initial REG	240.00	240.00	0.00	0.0%
4293571 · Initial BEC	240.00	210.00	30.00	14.3%
4293572 · Re-Exam FAR	690.00	840.00	-150.00	-17.9%
4293573 · Re-Exam REG	750.00	810.00	-60.00	-7.4%
4293574 · Re-Exam BEC	480.00	840.00	-360.00	-42.9%
4491000 · Interest and Dividend Revenue	5,470.45	5,466.12	4.33	0.1%
Total Income	230,040.45	210,276.12	19,764.33	9.4%
Gross Profit	230,040.45	210,276.12	19,764.33	9.4%
Expense				
5101010 · F-T Emp Sal & Wages	20,506.97	19,329.93	1,177.04	6.1%
5101020 · P-T/Temp Emp Sal & Wages	7,976.73	7,554.41	422.32	5.6%
5101030 · Board & Comm Mbrs Fees	1,920.00	1,860.00	60.00	3.2%
5102010 · OASI-Employer's Share	2,054.23	1,930.99	123.24	6.4%
5102020 · Retirement-ER Share	1,709.16	1,613.04	96.12	6.0%
5102060 · Health /Life Ins.-ER Share	6,019.84	5,779.51	240.33	4.2%
5102080 · Worker's Compensation	48.31	32.20	16.11	50.0%
5102090 · Unemployment Insurance	12.81	10.42	2.39	22.9%
5203020 · Auto-Private-Ownes Low Mileage	103.04	364.78	-261.74	-71.8%
5203030 · In State-Auto- Priv. High Miles	672.00	779.52	-107.52	-13.8%
5203100 · In State-Lodging	163.00	564.10	-401.10	-71.1%
5203120 · In State-Incidentals to Travel	10.00	25.00	-15.00	-60.0%
5203140 · InState-Tax Meals Not Overnight	11.00	11.00	0.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	111.00	240.00	-129.00	-53.8%
5203230 · OS-Auto Private High Mileage	0.00	335.16	-335.16	-100.0%
5203260 · OS-Air Commercial Carrier	149.61	2,165.60	-2,015.99	-93.1%
5203280 · OS-Other Public Carrier	0.00	257.35	-257.35	-100.0%
5203300 · OS-Lodging	0.00	2,055.15	-2,055.15	-100.0%
5203320 · OS-Incidentals to Travel	0.00	230.00	-230.00	-100.0%
5203350 · OS-Non-Taxable Meals Overnight	0.00	297.00	-297.00	-100.0%
5204010 · Subscriptions	283.83	0.00	283.83	100.0%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	7,200.00	0.00	7,200.00	100.0%
5204160 · Workshop Registration Fees	3,047.06	2,780.00	267.06	9.6%
5204180 · Computer Services-State	424.20	2,045.70	-1,621.50	-79.3%
5204181 · Computer Development Serv-State	1,683.60	0.00	1,683.60	100.0%
5204200 · Central Services	2,152.92	1,943.85	209.07	10.8%
5204220 · Equipment Service & Maintenance	12.64	13.57	-0.93	-6.9%
5204230 · Janitorial/Maintenance Services	537.00	521.36	15.64	3.0%
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	0.00	318.04	-318.04	-100.0%
5204530 · Telecommunications Services	1,631.91	1,007.60	624.31	62.0%
5204540 · Electricity	190.29	195.33	-5.04	-2.6%
5204560 · Water	32.35	44.70	-12.35	-27.6%
5204740 · Bank Fees and Charges	4,205.56	4,269.40	-63.84	-1.5%
5204960 · Other Contractual Services	79.40	456.00	-376.60	-82.6%

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

	<u>Jul - Oct 17</u>	<u>Jul - Oct 16</u>	<u>\$ Change</u>	<u>% Change</u>
5205020 · Office Supplies	412.54	279.61	132.93	47.5%
5205320 · Printing/Duplicating/Binding Co	62.10	106.95	-44.85	-41.9%
5205350 · Postage	0.00	1,000.00	-1,000.00	-100.0%
5228000 · Operating Transfers Out-NonBudg	1,529.47	2,071.73	-542.26	-26.2%
Total Expense	<u>74,117.37</u>	<u>71,653.80</u>	<u>2,463.57</u>	<u>3.4%</u>
Net Ordinary Income	<u>155,923.08</u>	<u>138,622.32</u>	<u>17,300.76</u>	<u>12.5%</u>
Net Income	<u><u>155,923.08</u></u>	<u><u>138,622.32</u></u>	<u><u>17,300.76</u></u>	<u><u>12.5%</u></u>

CPE EXTENSION REQUEST

Nicole Kasin

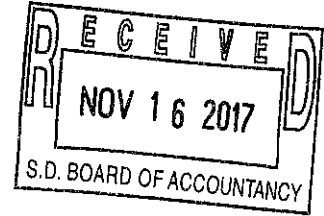
The following letter is from an individual who is requesting a second CPE extension for the July 1, 2016 to June 30, 2017 CPE reporting period. They had already been given a 90 day extension from staff which was through September 30, 2017.

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

Please make a determination for the following request.

Ray Heetland, Jr.
4204 S Arden Ave
Sioux Falls SD 57103

November 15, 2017



To the Board of Directors
SD Board of Accountancy
301 E 14th Street, Suite 200
Sioux Falls, SD 57104

To the Board of Directors:

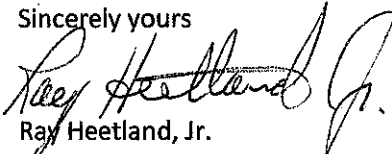
I am writing this letter to explain why I was unable to complete my CPE requirements by the extension I was given until September 30, 2017 and request an additional extension until November 30, 2017. (I hope to have the CPE done by November 23, 2017.)

The main reason I was unable to complete the CPE by the required date was my internet router with Century Link went down and I scheduled to have a new router put in by Century Link and it took them over a month to get it installed. I had to reschedule 3 or 4 times because they wouldn't show up when they were scheduled to install the new router. Since I didn't have a router I was unable to access the CPE courses that I had purchased as I had to have internet access to get the study material and take the tests to document that I had completed the CPE.

In addition to the problems with the router I have had a very bad year in 2017 with my health. In January 2017 I was diagnosed with IBS which caused a lot of problems with my work and trying to get my CPE studies done. In addition, on September 9th, I was diagnosed with diabetes.

Please grant my request for an additional extension so I can keep my CPA certificate in 2017-18.

Sincerely yours


Ray Heetland, Jr.

CPA Request for Reinstatement of Relinquished Certificate

Nicole Kasin

The following letter is from Nick Garry requesting a reinstatement of his SD CPA certificate #2667

Mr. Garry relinquished his certificate on September 5, 2017. Mr. Garry had completed an active renewal on July 31, 2107, and had requested an administrative CPE extension through September 30, 2017. The CPE hours to be completed for period ending June 30, 2017, were 53 hours. Upon relinquishing his CPA license, Mr. Garry did not report any CPE for period ending June 30, 2017.

The Board needs to grant or deny the reinstatement of Mr. Garry's SD CPA Certificate.



GARRY

private wealth resources

11/27/17

Dear Board Members,

I am writing to ask for your consideration in reinstating my CPA license. In September of this year, after a fair amount of reflection, I voluntarily elected to retire my license on account of the fact that I do not market myself as being a CPA, nor do I do any typical CPA type tax or audit work. My business has always been strictly limited to financial planning. It was a difficult decision to give this up because I remember how challenging it was to become certified in the first place nearly 15 years ago!

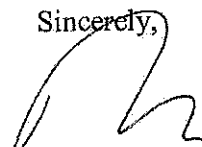
Fast forward to last week when I went to renew a state license for my securities/investment business only to realize that the renewal was delayed on account of the fact that I no longer had my CPA license. After further investigation, I have come to understand that in a couple of States, in addition to my various held securities licenses, a certification/designation such as CPA is necessary to conduct my securities/investment business. This came as a complete and total surprise to me. Had I known this, I would have never given up my CPA license in the first place. It was an honest oversight.

Now, I find myself needing to get my license back so as to not have a significant disruption in my business. When I realized I was going to ask for my CPA license back, I knew I would need to complete any outstanding CPE that was due for the year in which I gave up my license. Therefore, I spent all of Thursday and Friday, and most of Saturday re-studying the materials I had previously been studying, so that I could take and ultimately pass a variety of self-study CPE courses pertinent to my practice. I spent my entire Thanksgiving holiday away from my family, in my office, completing the CPE. However frustrating that may have been, it was the right thing to do.

I recognize that this situation could have easily been avoided had I not elected to voluntarily retire my CPA license in the first place! As stated above, this was an oversight and therefore I am asking the Board to consider reinstating my license. I have made up all CPE required. It is also important that you know in all my time as a South Dakota CPA, I have never had a single violation or complaint. I conduct my business in the right way and have always been a member in good standing.

I am kindly asking the Board to reinstate my license given the unique circumstances of my situation and my excellent conduct and compliance history. Thank you for your consideration.

Sincerely,



Nick Garry

5015 S. WESTERN AVE
SUITE 250
STOIX FALLS, SD 57108

local 605 332 5900
toll free 855 332 5900
fax 605 332 5240

www.garrywealth.com

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EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Database update

The board staff is working with GL Solutions to create the database. We are wrapping up the design process and moving into the mapping of data with various processes. After looking at calendars and seeing the work yet to complete we are setting a goal of testing the database starting the end of December and then adjusting schedules with results of the testing. We are working with an end goal of going live in late February.

CPE Audits

The list of licensees has been selected for CPE audits and letters were sent out to those selected on September 16, 2017. The documentation was due in our office no later than October 31, 2017. The following is the current status of the audits as of November 29, 2017:

	Selected	Complied	Not Complied	Granted Extension	Approved CPE Audit	Failed CPE Audit
CPA (Active)	52	52	0	0	17	0
CPA (Active in Firm)	57	57	0	0	26	0

Task Force Meeting Recap on Proposed Legislation

The members of the task force met with the SD CPA Society representatives on November 9, 2017. During the discussion a proposal of possibly using the term non-licensuree instead of unlicensed was brought before the group to be more uniform with the UAA. Other discussion was had in regards to the movement of the bill and at the end of the meeting the Society representatives showed support for the Board to move forward with the process.

The bill is currently under review by the Governor's office.

Board Discussion

- Any New Business/topics?



AICPA BOARD OF EXAMINERS (BOE) MEETING HIGHLIGHTS October 5 - 6, 2017

Participants

BOE Members: Diego Baca, Doug Behn (incoming Content Chair), Barry Berkowitz, Al Cohen, Michael Daggett (Chair), Jeanne Dee, Evan DeFord, Jeff Hoops, Shelly Holzman, Audrey Katcher, Helen Brown-Liburd, Roberta Newhouse, Gina Pruitt, Ola Smith, Amy Sutherland, Mark Shermis, Dan Sweetwood, Tom Weirich, Jim Wollack

AICPA Staff: Sue Coffey (remote), Michael Decker (Staff Liaison), Noel Albertson, Rich Gallagher, Yvonne Hinson, John Mattar, and Robin Stackhouse.

AICPA Psychometric Consultant: Michael Edwards

NASBA Staff: Colleen Conrad

NASBA ERB Staff: Sheena Murphy

Roberta Newhouse, Chair of the State Board Committee (SBC), reported on the prior day's meeting, which included the following key points.

- State Board's engagement with NASBA should be encouraged as PA has benefited from NASBA's support and resources.
- Most states granted 3 month (1-window) extensions to the candidates impacted by the 17Q2 score hold. The extensions were greatly appreciated by the candidates and minimized any confusion or unnecessary communications between the candidates and the boards.
- Meetings held by state boards on the campus of local universities where representatives from NASBA, the AICPA, and state societies could also be present, have been quite successful.
- Firms are increasingly stressing or requiring their new hires secure the CPA before starting (October 1st typically) so boards are trying to be supportive and candidates are anxious to test between May and October.
- The 150-hour requirement was discussed, but since the 150-hour requirement is not likely to change, the focus shifted to how to make the process efficient for the candidates.

The SBC suggested:

- That a toolkit containing candidate information be created for distribution by the boards
- That the AICPA SBC meet with the NASBA CBT Administration Committee for greater information sharing. Perhaps these groups could co-present at a NASBA conference.

Amy Sutherland, Chair of the Content Committee (CC), reported that the CC and its section subcommittees, in collaboration with the AICPA staff, have developed the necessary items and that the item inventory for all of the sections is quite strong. The focus now is on IT items and task-based simulations for the BEC section and ethics items for REG.



In cooperation with the BOE CC, the AICPA staff are re-evaluating their item inventory levels as they seek greater efficiency and optimization. The item bank is robust but some items are not selected for the Exam. Working with the psychometricians, AICPA content staff are working on metrics to predict item success and the optimum item bank size.

Automated essay scoring for content accuracy, data analytics, and professional skepticism research continues.

FASB and other SME representation on the AICPA content subcommittees helps the AICPA to maintain currency with the future of professional standards.

Jim Wollack, Chair of the Psychometric Oversight Committee (POC), reported on the POC's collaboration with the AICPA's psychometric staff and external consultants on the standard setting process following the April launch of the Next Version of the Exam. The Exam performed well and the resulting metrics are indicating a successful launch.

The AICPA and POC continue to research content area subscore reporting.

Barry Berkowitz BOE FOG (Financial Oversight Group) Chair and Michael Decker, VP of Examinations reviewed the 2017 budget and 2018 forecast with the BOE.

Noel Albertson, AICPA Director of Project and Technology Delivery, noted that the BOE Launch Sponsor Group continues to track the launch of the UX software with a November 2017 Go Live launch confirmation. Any decisions and therefore announcements, regarding any required score holds for 18Q2 will be decided in November. AICPA staff and the BOE continue to monitor the slight increase in restarts at the test center and are working with Prometric to debug the issue. Staff are also working on a Candidate Journey Map to better understand the candidate mindset, interactions, and steps taken so that we can learn from the candidates' journeys.

Robin Stackhouse, AICPA Director of Exam Development and Mike Edwards shared that staff is working on an item bank optimization project as some items have been approved and pre-tested but are not being selected for operational use in the Exam. Reducing the number of these items could help reduce maintenance costs and increase staff capacity to work on other initiatives. Research on this optimization is complete and staff will put an "item retirement plan" into place.

Richard Gallagher, AICPA Senior Director of Content, and Amy Sutherland reviewed the proposed annual updates and changes to each of the Exam section blueprints. The recommendation was also made to put these blueprint changes into effect in July 2018 rather than waiting the standard year. It was also suggested that future changes may become effective in 6 months also. Both the proposed changes to the blueprints and the 6-month effective period was unanimously approved by the BOE.



Rich Gallagher and Michael Decker reviewed the updated BOE Policy document with the BOE as the policies have been updated to reflect the April 2017 Exam and a few other minor changes. The BOE unanimously approved the changes to the BOE policies.

Sheena Murphy, NASBA's Director of the Examination Review Board (ERB), shared with the BOE that planning for the 2018 audit year was well underway with final plans and schedules to be approved by the ERB shortly.

Michael Decker, AICPA Vice President of Examinations, and Jeff Hoops, Incoming Chair of the BOE, led the BOE in strategic planning discussions as the BOE and the BOE's Strategic Planning Sponsor Group are preparing the BOE's 2017 Strategic Plan.

Sue Coffey, AICPA Executive Vice President of Public Practice, and Colleen Conrad, NASBA Executive Vice President and COO, shared with the BOE their organizations' respective strategies and future thinking to ensure the BOE's Strategic Plan remains aligned with both major stakeholders.

One additional recommendation was made by the BOE; for the AICPA staff to conduct a scenario planning exercise to identify potential future scenarios and better understand any obstacles that would inhibit the CPA Exam from meeting future goals.

The Strategic Plan, a 3 – 5 year plan, is being finalized and should be approved at the January BOE meeting.

Yvonne Hinson, AICPA Senior Director, Academic in Residence, Student and Professional Pathways, shared with the BOE results from the recent Trends report and various initiatives underway with the AICPA in support of the CPA for students, educators, candidates, and young professionals.

John Mattar, AICPA Director of Psychometrics, shared with the BOE the successful results of the April 1st launch of the Exam. The items selected are performing well and the section timing is as expected. Analysis and oversight will continue to monitor the performance of the Exam.

National Association of State Boards of Accountancy
Board of Directors Meeting
July 21, 2017 – Big Sky, MT –Big Sky Resort

1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Telford A. Lodden at 9:00 a.m. on Friday, July 21, 2017 at the Big Sky Resort in Big Sky, MT.

2. Report of Attendance

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

Officers

Telford A. Lodden, CPA (IA), Chair
Theodore W. Long, Jr., CPA (OH), Vice Chair
Donald H. Burkett, CPA (SC), Past Chair
A. Carlos Barrera, CPA (TX), Treasurer
Janice L. Gray, CPA (OK), Secretary

Directors-at-Large

Jimmy E. Burkes, CPA (MS)
John F. Dailey, Jr., CPA (NJ)
Tyrone E. Dickerson, CPA (VA)
Raymond N. Johnson, CPA (OR)
Richard N. Reisig, CPA (MT)
E. Kent Smoll, CPA (KS)
Laurie J. Tish, CPA (WA)

Regional Directors

Catherine R. Allen, CPA (NY), Northeast Regional Director
J. Coalter Baker, CPA (TX), Southwest Regional Director
Sheldon Holzman, CPA (IL), Great Lakes Regional Director (via phone)
Stephanie S. Saunders, CPA (VA), Middle Atlantic Regional Director
Sharon A. Jensen, CPA (MN), Central Regional Director
Edwin G. Jolicoeur, CPA (WA), Pacific Regional Director
Nicola Neilon, CPA (NV), Mountain Regional Director

Member Absent

Maria E. Caldwell, CPA (FL), Southeast Regional Director

Executive Directors' Liaison

Wade A. Jewell (VA) – Executive Directors Committee Chair

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

3. Approval of Minutes

Secretary Janice Gray presented and moved to approve the minutes of April 21, 2017. Mr. Burkes seconded. The minutes were unanimously approved as submitted.

4. Chair's Report

Chair Lodden began his report by congratulating the Regional Directors on having developed and led outstanding Regional Meetings. He observed the meetings were among the best he had attended. He then proceeded to report on what had been discussed at the Executive Committee's meeting:

NASBA had outperformed budgets significantly. While Aequo had not performed as well as expected, the NASBA International Evaluation Service (NIES) had performed better than anticipated. The Executive Committee also discussed the Guam test center's relocation and NASBA infrastructure projects. The impact of the revised Uniform CPA Examination on revenue was reviewed.

He expressed disappointment that more State Boards had not yet responded to the proposed UAA language on use of title. "There is no place for apathy on this issue," he stated. Mr. Lodden acknowledged the Regional Directors have been reaching out to the states to encourage them to respond.

The Executive Committee also talked about the AICPA's peer review administration paper and related discussions at the Regional Meetings, including support for a NASBA peer review oversight committee.

NASBA's federal legislative initiative appears to be stalled as the Congress is focused on other issues now, Mr. Lodden observed.

Chair Lodden announced that Ruben A. Davila, CPA, Esq., a former member of the California Board of Accountancy, has been appointed to the CPA Examination Review Board.

Topics to be covered during the NASBA/AICPA leadership summit meeting on July 27-28 were outlined by Mr. Lodden. He explained that he believes it is good to get issues out on the table, rather than to have them surface later, and sometimes the parties will agree to disagree. The NASBA leaders expect to learn more about new credentials and tools being considered by the AICPA.

5. Vice Chair's Report

Vice Chair Long reported that he and staff had outlined the specifics for the 2017-18 NASBA committees and developed the committees' rosters in May. The rosters were refined after the Regional Meetings, with a focus of getting new Board members involved in the committees. A new committee on strategic planning is being added to the existing committees.

Mr. Long said he hoped to complete the process by August 15. Several of the Board members volunteered to be on the new strategic planning committee.

6. President's Report

President and CEO Ken Bishop asked Executive Vice President and COO Colleen Conrad to join him in presenting his report. They reported the following:

- NASBA is changing insurers to United Healthcare and will be initiating the NASBA Be Well program, which allows employees to earn money toward their deductible by being active. If 60 percent of the staff members participate in the wellness program, that will cap the increase on next year's insurance rate for NASBA.
- Two student interns from the Inroads Project have been working with NASBA this summer, Darius Lewis is returning in finance and Cristian ("Gus") Fonseca Serrano is in data analytics.
- Final permits for infrastructure development in NASBA's Nashville office space on the eighth floor are being obtained. The Guam testing center is relocated closer to the airport and its development is being worked on with Prometric.
- In recent months, Mr. Bishop and Ms. Conrad have met with representatives of the Financial Accounting Foundation, the Accountants Coalition, the International Ethics Standards Board for Accountancy, and the AICPA. They have attended retirement celebrations for Rich Jones, executive director of the Washington Society of CPAs, and Joseph Petito, PWC partner and their TAC representative.
- This will probably be a transitional year as Brexit has created a new environment, motivating the UK's Federal Reporting Council (FRC) to be more interested in mutual recognition. Renewal of agreements with professional accountancy organizations in Ireland, Canada and Mexico are expected soon.
- The 2017 Regional meetings had approximately 440 attendees, including 32 new State Board members attending the orientation program. The Center for the Public Trust's Student Leadership Conference had 71 students in attendance. Vice President of State Board Relations Dan Dustin is continuing to make contact with the State Boards to strengthen NASBA's relationships with them.
- The updated definition of "attest" has been adopted in 47 jurisdictions, and firm mobility now exists in 21 jurisdictions.
- With the departure of James Suh from the NASBA staff, NIES is being shifted to the CPA Exam Services (CPAES) team under the direction of Patricia Hartman. Data analytics is reporting to Mat Wilkins and Colleen Conrad.
- NASBA has had a good financial outcome this year and has not needed to deny any State Board's request because of lack of funds. NASBA has the financial wherewithal to meet examination-related fiduciary requirements and to satisfy the needs of State Boards

7. Administration and Finance Committee's Report

Treasurer Carlos Barrera reported the investment committee had met on July 19 and determined NASBA had exceeded its investment policy targets with about an 8 percent annualized return through the end of the second calendar quarter. The Board approved two modifications to NASBA's investment policy, based on the recommendations of the Administration and Finance Committee, as presented by Treasurer Barrera.

The Board also approved the following motion presented by Treasurer Barrera:

"Motion for NASBA to make an additional contribution to the Center for the Public Trust to reduce year-end 'Due to NASBA' balance by an amount not to exceed \$180,000 effective in the current fiscal year of 2017."

Senior Vice President and CFO Bryant explained: The \$180,000 was based on an estimate of \$179,000 for the year-end balance after an in-kind provision is implemented. The Board was apprised that NASBA would be making an additional in-kind services provision in the same manner as was budgeted for Fiscal 2018. One NASBA Board member suggested that, for audit purposes, President Bishop should write a letter to the CPT Board advising of the additional in-kind provision for Fiscal 2017.

Following a report on Aequo developments presented by Mr. Bryant, Donald Burkett moved and Tyrone Dickerson seconded: "The Board accepts the report of the Aequo developments and has no objection to keeping Aequo as a shell entity and having NASBA directly handle Aequo's contractual obligations." The motion was unanimously approved.

The Board also approved NASBA's FY 2018 consolidated operating and capital expenditure budgets as presented by Mr. Barrera and Mr. Bryant, moved by Tyrone Dickerson and seconded by Kent. Smoll. The Board approved the financial report for 10 months, as presented by Mr. Barrera, moved by Raymond Johnson and seconded by Coalter Baker.

8. Awards

Chair Lodden presented the Awards Committee's recommendations for NASBA's 2017 Award recipients:

William H. Van Rensselaer Award – Thomas J. Sadler
Distinguished Service Award – E. Kent Smoll
Lorraine P. Sachs Standard of Excellence Award – Nicole Kasin

Dr. Johnson made a motion to approve all the nominated award winners, which was seconded by Ms. Gray and unanimously approved (with Mr. Smoll having been recused from the vote).

9. Report of the Audit Committee

Audit Committee Chair Jim Burkes reported the Audit Committee had approved not to audit Aequo for 2017, as its revenue was about \$110,000 and there were no third parties requiring a report. He advised the Board that the rest of his report on the Committee's activities was summarized in the handout material.

10. Report of the Nominating Committee report

Nominating Committee Chair Donald Burkett reported the Committee had held an all-day planning meeting in Nashville and arrived at several recommendations, including establishing "Call for Leadership" receptions at each of the Regional Meetings. He reported the receptions had worked out well and there will be follow-up with the participants to determine what they can do for NASBA. He congratulated those selected by the Nominating Committee for its slate and observed the Committee had an excellent group of candidates from which to pick. He presented the following slate to be voted on at Annual Business Meeting:

Vice Chair:

Janice L. Gray (OK- Associate)

Directors-at-Large (three-year term):

J. Coalter Baker (TX – Delegate)

Maria E. Caldwell (FL – Associate)

W. Michael Fritz (OH – Associate)

Regional Directors (one-year term):

Southwest	C. Jack Emmons (NM – Delegate)
Southeast	Casey Stuart (TN – Delegate)
Middle Atlantic	Stephanie S. Saunders (VA – Delegate)
Northeast	Catherine R. Allen (NY – Delegate)
Great Lakes	Sheldon P. Holzman (IL – Delegate)
Pacific	James R. Ladd (WA – Delegate)
Mountain	Nicola Neilon (NV – Delegate)
Central	Sharon A. Jensen (MN – Delegate)

11. Report of the International Qualifications Appraisal Board

NASBA/AICPA IQAB Chair Sharon Jenson presented the following resolution from IQAB to the Board:

NOW BE IT RESOLVED, That in addition to the continued authority of the NASBA Board in this regard, which is explicitly retained, the persons then serving as NASBA President and CEO and NASBA Chair are hereby jointly delegated the authority, acting on behalf of, and in the name of, the NASBA Board to approve IQAB recommendations to either renew or extend or allow to lapse existing MRAs; and

BE IT FURTHER RESOLVED, That the NASBA President and CEO shall update the NASBA Board regarding any MRA renewals or extensions or lapses that have occurred since the most recent NASBA Board meeting, as well as report on any other significant IQAB recommendations; and

BE IT FURTHER RESOLVED, That the NASBA Board reserves the right to revoke or modify such aforementioned delegation of authority at any time in the NASBA Board's sole and absolute discretion; provided, however, such revocation or modification of delegation of authority shall only be prospective in effect.

Ms. Jensen explained the resolution would enable IQAB to move ahead with the completion of mutual recognition agreement renewals more speedily, without waiting for a

Board Meeting. A similar resolution had been passed by the AICPA. On a motion by Dr. Johnson, seconded by Mr. Burkes, the resolution was approved as submitted.

A draft of the renewal of the IQAB/CPA Canada/Instituto Mexicano de Contadores Públicos agreement was presented by Ms. Jensen. She explained the new format being used for agreements will offer more transparency as to what the requirements are for recognition. This new template is also being used for the renewal agreement with the Chartered Accountants Ireland, which IQAB expects to have ready for signing in August 2017. Ms. Jensen stressed that new mutual recognition agreements would come to the Boards of Directors of NASBA and the AICPA for approval, but with the passage of the just passed resolution, the renewals only require the approval of the NASBA and AICPA Chairs and Presidents.

Chair Lodden congratulated IQAB on their work.

12. Report from Uniform Accountancy Act Committee

UAA Committee Chair Coalter Baker reported the exposure period for the CPE Model Rules ended on June 30 and four State Boards, six State CPA societies, six NSA affiliates and a few individuals had submitted comments. On July 17 the UAA Committee met and determined the comments are significant enough to send the Model Rules back to a task force for further consideration. The task force will meet September 5-6 in Nashville with Chair Baker, David Dennis (FL), Andrew DuBoff (NJ) and Stephanie Saunders (VA) representing NASBA. The alternate task force member is Daniel Vuckovich (MT).

13. Report of the Bylaws Committee

Bylaws Committee Chair Ed Jolicoeur brought a proposed resolution to 4.5.7 to the Board that had been unanimously endorsed by the Committee. Mr. Jolicoeur explained that the resolution's purpose is to expand NASBA leadership opportunities, particularly for qualified and experienced associate members, while maintaining NASBA's strong commitment to keeping close ties to the State Boards. The Bylaws Committee proposed the following be voted on by the State Boards at the 2017 Annual Meeting:

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

If adopted by the NASBA membership, the resolution would become effective on October 31, 2017. Mr. Jolicoeur made a motion to bring the proposed Bylaws change to the Annual Business Meeting for a membership vote. Mr. Burkes seconded and the motion was unanimously approved to have the proposed change presented at the Annual Business Meeting.

14. Executive Session

The Board went into a closed executive session to discuss executive compensation.

The Board of Directors in executive session ratified certain Executive Committee recommendations related to confidential (personnel) matters.

15. Report of the Compliance Assurance Committee

Compliance Assurance Committee (CAC) Chair John Dailey reported 26 Boards of Accountancy had responded to the AICPA's paper on changes to the Peer Review Program's administration by the June 30 deadline. Of those responses, 16 had commented on the proposed requirement for a CPA to be employed to administer the program, 16 mentioned the benchmarks to be applied and 13 referenced the additional costs involved in the proposed system. By the end of August the AICPA is expected to have the final version of their administration plan.

Mr. Dailey said he had created a CAC task force to develop a report with recommendations on what should be required if NASBA were to create a Peer Review Oversight Committee as suggested by some State Boards. Mark T. Hobbs (SC) is chairing the task force and had started to project some costs for the project. President Bishop said the NASBA staff would monetize the project, but the task force needs to focus on determining what a NASBA PROC must do to be top quality. Mr. Dailey said the task force would be meeting via conference call in August.

The number of State Societies that will continue to be administrative entities for the Peer Review Program is not known, Mr. Dailey said. He hopes to have a task force report soon and that the AICPA will listen to the comments received from the State Boards and to involve them in the process of selecting their administrative entity.

16. Report from the Executive Directors Committee

Executive Directors Committee Chair Wade Jewell said the Committee has already developed the agenda for the 2018 Executive Directors Conference, which will be held in Destin, FL, March 13-15. Currently the use of titles is the biggest topic for the EDs. The EDs are being encouraged to have their Boards comment on the proposed language for the UAA. Several Boards are considering issues involved in the consolidation of peer review administering entities.

Mr. Jewell said the possibility of indemnification for all board members had been brought up in Virginia, but it is not moving forward.

17. Report from the Computer Based Testing Committee

CBT Committee Chair Richard Reisig reported the CBT Committee had discussed the abuse Prometric testing center staff are subjected to by CPA candidates. In response, the Committee considered sending out information to candidates about acceptable behavior. They also discussed question harvesting and the challenge of proving it is occurring. The Committee wants to find out what is in the states' rules to prevent question harvesting.

Updating the CPA Examination Handbook, which the Committee was unaware of until recently, is also on its agenda, Mr. Reisig stated.

18. Report from the Education Committee

Dr. Johnson reported the NASBA/AICPA Accreditation Task Force met via conference call once since the June Regional Meetings. They are trying to engage with two other accounting program accreditors. The Task Force needs to understand how the policies in place for transfer credits are actually policed and how they are shown on the transcript. The Education Committee needs to identify and prioritize issues and determine how to bring them to the accreditors, which will be done after the American Accounting Association's Annual Meeting in August. Dr. Johnson said the Task Force is working well with the AACSB.

President Bishop commended the progress the Task Force has made and the recognition NASBA has received through this process.

19. Report from the Diversity Committee

Diversity Committee Chair Tyrone Dickerson thanked the Nominating Committee and NASBA leadership for instituting the Call to Leadership reception at the Regional Meetings. He reported many new people attended the reception and the Diversity Committee intends to work with the new State Board members to keep them engaged in NASBA.

Mr. Baker reported the Texas Board had reached out to the National Association of Black Accountants (NABA) for volunteers for its outside advisers and committees. Of the 10 names that NABA recommended, the Board was able to appoint six to its committees. He said the individuals were enthusiastic and younger than most of the volunteers the Board receives. Mr. Baker recommended NABA as a great resource of talent for the State Boards. Mr. Dickerson agreed and pointed out that NASBA representatives regularly attend NABA conferences.

Ms. Jensen said the Minnesota Board has also recommended the governor's staff make diverse appointments to the Board, and it has worked.

20. Policy Discussion

The Board members discussed what the accounting profession might look like in the future and whether tiered licensing would be required. Many commented on the increased number and diversity of specialists in the CPA firms. Future education needs were also considered.

21. Adjournment

The meeting was adjourned at 4:10 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

October 27, 2017 – New York, NY

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, October 27, 2017 at the Marriott Marquis in New York, NY, the Board took the following actions:

- Approved amending Uniform Accountancy Act Model Rules Article 3 covering Continuing Professional Education, as recommended by the NASBA UAA Committee and the NASBA CPE Committee, and presented by NASBA UAA Committee Chair J. Coalter Baker (TX). The revised Article 3 includes recognizing nano learning, requiring completion of a minimum of 50 percent of the total CPE credits in technical fields of study, and completion of an average of two ethics CPE credits for each annual period included within the CPE reporting period.
- Received a report from NASBA Chair Telford A. Lodden (IA) on his formation of the Reorganization Impact Task Force (RITF) to identify and clearly define the concerns and issues resulting from the American Institute of Certified Public Accountants' restructuring under the umbrella entity of the Association of International Certified Professional Accountants. The task force is chaired by John F. Dailey, Jr. (NJ), who announced they will be conducting interviews and surveys to ascertain the concerns of the member Boards and reach consensus on the validity of those concerns. The RITF is to prepare a document to be presented at the NASBA Board's January 2018 meeting.
- Learned from NASBA President and CEO Ken L. Bishop that 53 jurisdictions will be represented at NASBA's Annual Meeting to be held October 30 – November 1, 2017 in New York City. The meeting's theme is "Shaping the Future" and will cover topics such as embracing technology, considering confidentiality and international recognition of professionals. He announced a study group on new pathways to becoming a CPA is being formed.
- Authorized President and CEO Ken L. Bishop to take all necessary actions to exercise NASBA's preemptive equity investment rights under the PCS Holding Company, LLC (now "Acuity") Securityholders' Agreement with regards to an acquisition in progress by its equity investee when current negotiations are complete. The motion was made by Treasurer A. Carlos Barrera (TX), seconded by John F. Dailey, Jr. (NJ) and all approved.
- Ratified the Executive Committee's acceptance of the Consolidated Audited Financial Statements and Independent Auditors' Opinion for 2017 and their inclusion in NASBA's annual report, as presented by Treasurer Barrera.

- Ratified the Executive Committee's approval of the reappointment of LBMC as NASBA's auditors for fiscal 2018, as presented by Treasurer Barrera and recommended by the Audit Committee.
- Approved the changes to the Audit Committee's charter as presented by Chief Financial Officer and Senior Vice President Michael R. Bryant.
- Heard from Executive Vice President and COO Colleen Conrad that NASBA representatives have been meeting with multiple accounting firms, universities, and other regulators and standard setters to gather information on how the profession is using advanced technology and data analytics in auditing and other services, with the goal of considering how such use could impact the Boards of Accountancy's ability to investigate, enforce and regulate.
- Received a report from NASBA's Compliance Assurance Committee, as summarized by its chair John Dailey. The CAC made multiple recommendations including that NASBA launch a Peer Review Oversight Committee service to assist Boards in creating their own PROC or to serve as their PROC. The report also listed possible PROC activities and best practices.
- Learned from NASBA/AICPA International Qualifications Appraisal Board Chair Sharon Jensen (MN) that the renewal of the tri-party mutual recognition agreement would be signed with Chartered Professional Accountants Canada and the Instituto Mexicano de Contadores Públicos on November 1 at the Annual Meeting.
- Thanked Past Chair Donald H. Burkett (SC), Treasurer A. Carlos Barrera (TX), Directors-at-Large Richard N. Reisig (MT) and Laurie J. Tish (WA), Pacific Regional Director Edwin G. Jolicoeur (WA) and Executive Directors' Liaison to the Board Wade A. Jewell (VA) for their service to the Board of Directors.
- Thanked Chair Telford A. Lodden (IA) for his leadership throughout the year.

**Highlights of the Board of Directors Meeting
October 31, 2017 – New York, NY**

At a duly called meeting of the 2017-2018 Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Tuesday, October 31, 2017 at the Marriott Marquis in New York, the Board took the following actions:

- Elected Jimmy E. Burkes (MS) NASBA Treasurer.
- Elected W. Michael Fritz (OH) NASBA Secretary.
- Elected Richard N. Reisig (MT) Director-at-Large, to complete two years of the unexpired term of Vice Chair Janice L. Gray (OK).

The next meeting of the NASBA Board of Directors will be held January 12, 2018.

Model Rules for Continuing Professional Education (CPE) - Approved 10/27/17

ARTICLE 3 – DEFINITIONS

Rule 3-4 – Continuing Professional Education (CPE).

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

Rule 3-5 - CPE reporting period.

A “CPE reporting period” is the period of time as to which a licensee in this State must report or attest to the completion of CPE requirements to the Board of Accountancy.

Rule 3-6 - Subject matter expert.

A “subject matter expert” is a person who is an authority in a particular area or topic. A subject matter expert is involved in developing CPE materials where knowledge expertise is needed.

Rule 3-7 - Technical committee.

A “technical committee” is a committee that serves as a resource to identify issues regarding the practice of accountancy and develop technical or policy recommendations on those issues.

Rule 3-8 - Technical fields of study.

“Technical fields of study” are technical subjects that contribute to the maintenance and/or improvement of the competence of a CPA in the profession of accountancy and that directly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) Accounting;
- (b) Accounting (Government);
- (c) Auditing;
- (d) Auditing (Government);
- (e) Business Law;
- (f) Economics;
- (g) Finance;
- (h) Information Technology;
- (i) Management Services;
- (j) Regulatory Ethics;
- (k) Specialized Knowledge;
- (l) Statistics; and
- (m) Taxes.

Commentary: The technical subjects are further defined in the “Fields of Study” document, as published on NASBA’s website, www.nasbaregistry.org, and included in the “Statement on Standards for Continuing Professional Education (CPE) Programs,” appended to the Uniform Accountancy Act. The “Fields of Study” document provides descriptions of each technical subject area and examples of the types of topics that might be included in each area.

Rule 3-9 - Non-technical fields of study.

“Non-technical fields of study” are subjects that contribute to the maintenance and/or improvement of the competence of a CPA in areas that indirectly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) Behavioral Ethics;
- (b) Business Management & Organization;
- (c) Communications and Marketing;
- (d) Computer Software & Applications;
- (e) Personal Development;
- (f) Personnel/Human Resources; and
- (g) Production.

Commentary: The non-technical subjects are further defined in the “Fields of Study” document, as published on NASBA’s website, www.nasbaregistry.org, and included in the “Statement on Standards for Continuing Professional Education (CPE) Programs,” appended to the Uniform Accountancy Act. The “Fields of Study” document provides descriptions of each non-technical subject area and examples of the types of topics that might be included in each area.

ARTICLE 6 – ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION AND RECIPROACITY

Rule 6-1 - Applications.

No proposed change to current rule. Not within scope of project.

Rule 6-2 – Experience required for initial certificate.

No proposed change to current rule. Not within scope of project.

Rule 6-3 – Evidence of applicant’s experience.

No proposed change to current rule. Not within scope of project.

Rule 6-4 – CPE requirements for renewal or reactivation of a certificate, license or registration.

The following requirements of CPE apply to the renewal or reactivation of certificates, licenses and registrations pursuant to Section 6(d) of the Act.

- (a) A person who obtains a certificate, license or registration for the first time shall complete at least forty (40) credits of acceptable CPE during the first full annual period following the year in which the original certificate, license or registration was obtained. There is no provision for carry-over from an annual period in which CPE was not required.
- (b) An applicant seeking renewal of a certificate, license or registration from a Board shall assert in a manner acceptable to the Board, that the applicant for renewal meets all of the following CPE requirements:
 - (1) Completion of a minimum of twenty (20) CPE credits during each annual period included in the CPE reporting period.

- (2) Completion of a minimum of an average of no fewer than forty (40) CPE credits for each annual period included within the CPE reporting period.
- (3) Completion of an average of two (2) ethics CPE credits for each annual period included within the CPE reporting period.
- (4) Completion of a minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period in technical fields of study. Qualifying subject areas for CPE are categorized as either technical or non-technical fields of study as set forth in Rules 3-8 and 3-9 above. Subjects other than technical and non-technical fields of study may be acceptable for CPE if the licensee can demonstrate to the satisfaction of the Board that such subjects or specific programs contribute to the maintenance and/or improvement of the licensee's professional competence.

Commentary: The following chart sets forth the CPE requirements detailed in Rule 6-4(b)(1)-(4) above.

CPE Reporting Period	Total CPE credits required per reporting period	Minimum CPE credits required in each annual period in the reporting period	Qualifying ethics credits required per CPE reporting period	Minimum CPE credits in reporting period in technical subject areas
Annual (1 year)	40	40	2	20
Biennial (2 years)	80	20	4	40
Triennial (3 years)	120	20	6	60

- (c) An applicant whose certificate, license or registration has been lapsed, revoked or suspended for fewer than five (5) years may, at the Board's discretion, complete qualifying CPE that averages no fewer than forty (40) credits of qualified CPE, for each annual period included in the CPE reporting period preceding the date of reapplication, not to exceed a total of one hundred twenty (120) credits. An applicant whose certificate, license, or registration has lapsed or has been suspended or revoked may at the Board's discretion be required to identify and complete a program of learning designed to demonstrate the currency of the licensee's competencies directly related to his or her area of practice.
- (d) Licensees granted inactive or retired status for fewer than five (5) years by the Board may discontinue use of the word "inactive" or "retired" in association with their license upon showing that they have completed qualifying CPE that averages no fewer than forty (40) credits of qualified CPE for each annual period included in the CPE reporting period preceding the request to discontinue use of the word "inactive" or "retired," not to exceed a total of one hundred twenty (120) credits.
- (e) For a certificate, license or registration that has been lapsed, suspended or revoked, inactive or retired for a period of five (5) years or more, the Board has the discretion to determine the number and type of CPE credits as a requirement for reinstatement.

- (f) Upon request by the Board, the applicant for renewal shall provide proof of completion or other evidence acceptable to the Board that supports the assertion by the applicant that the applicant has met the CPE renewal requirements. If the Board so requests, the applicant shall also submit an explanation of how any portion of CPE credits for renewal questioned by the Board relate to the applicant's continuing professional competence.

Rule 6-5 –Activities qualifying for CPE credit.

CPE activities are learning opportunities that contribute directly to a licensee's knowledge, ability and/or competence to perform his or her professional responsibilities. CPE activities should address the licensee's current and future work environment, current knowledge and skills and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities.

(a) The following learning activities shall qualify for CPE credit:

- (1) A learning activity that complies with the Statement on Standards for Continuing Professional Education (CPE) Programs, issued jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA), and is coordinated and presented by a qualifying CPE program sponsor as set forth below in Rule 6-5 (b). The sources of qualifying learning activities include but are not limited to the following:
 - (A) Group Programs;
 - (B) Self-Study Programs;
 - (C) Blended Learning Programs;
 - (D) Nano-Learning Programs;
 - (E) Instructor/Developer of CPE programs in (A) through (D) above or in (2) and (4) below;
 - (F) Technical Reviewer of CPE programs in (A) through (D) above or in (2) and (4) below; and
 - (G) Independent Study.

Commentary: The sources of qualified learning activities, including independent study, are fully defined in the Statement on Standards for Continuing Professional Education (CPE) Programs.

- (2) A college or university course that is coordinated and presented by a qualifying university or college as set forth in Rule 6-5 (b)(2) below in a technical or nontechnical field of study; No CPE credit shall be permitted for attending or instructing college or university courses considered to be basic or introductory accounting courses or CPA exam preparation/review courses.
- (3) Authorship of published articles, books and other publications relevant to maintaining or improving professional competence.
- (4) A group learning activity that is coordinated and presented by a person, firm, association, corporation or group, other than a qualifying CPE program sponsor as defined in Rule 6-5 (b) below. These programs are generally related to topics of the specialized knowledge field of study by persons or organizations with expertise in these specialized industries.

Commentary: The purpose of Rule 6-5(a)(4) is to permit a learning activity related to specialized industries to satisfy requirements for CPE. The focus is on conferences or learning events that are in specialized industries, such as oil and gas or gaming. The conference or learning event provides critical information and knowledge specific to the operations of specialized industries that is necessary for those providing professional services in those industries. However, these conferences and learning events may not be designed to adhere to the State's CPE program requirements. Therefore, the CPE credits earned from specialized industry learning activities are limited to no more than twenty-five percent (25%) of the total qualifying CPE credits for the CPE reporting period per Rule 6-6(a)(1).

- (5) Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in technical fields of study.
- (b) The following are deemed to be qualifying CPE program sponsors provided they offer activities which comply with the Statement on Standards for CPE Programs:
 - (1) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors;
 - (2) Recognized national and state professional accounting associations and their local affiliates that are approved by the Board;
 - (3) Universities or colleges accredited at the time the CPE program was delivered by virtue of accreditation by an organization recognized by the Council for Higher Education Accreditation as a specialized, professional, or regional accrediting organization; and
 - (4) Persons, firms, associations, corporations or other groups that are approved by the Board.
- (c) Acceptable evidence for completion of qualifying learning activities shall include the following:
 - (1) For programs or courses as set forth in Rule 6-5 (a) (1) and (2), acceptable evidence should include a certificate of completion or transcript issued by the qualifying CPE program sponsor.
 - (2) For activities set forth in Rule 6-5 (a) (3), acceptable evidence may include a copy of the publication that names the licensee as author or contributor; a statement from the licensee supporting the number of CPE credits claimed; and the name and contact information of the independent reviewer(s) or publisher.
 - (3) For programs or courses as set forth in Rule 6-5 (a) (4), acceptable evidence may include a certificate of attendance or other verification supplied by the program sponsor. If a certificate of attendance or other verification is not available, then acceptable evidence shall include copies of the course agenda, program materials, or other documents attributable to the learning activity.
 - (4) For activities set forth in Rule 6-5 (a) (5), acceptable evidence shall include a written certificate of the licensee setting forth all of the following:
 - (A) The nature of the activity (e.g., topic or specific new competency acquired), the items discussed and the source/materials considered.
 - (B) The dates on which the learning activity occurred.
 - (C) The number of CPE credits attributed to the learning activity.

- (D) Details of the relevance of the learning activity to the participant's current or future professional development.

Rule 6-6 – Continuing professional education records.

(a) Computation of CPE credits.

Each approved CPE course, program, or activity shall be measured by program length, with one 50- minute period equal to one CPE credit.

- (1) Computation of CPE credits for qualifying CPE programs shall be as follows:
- (A) Group programs, independent study and blended learning programs – A minimum of one credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.
 - (B) Self-study – A minimum of one-half credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.
 - (C) Nano-learning – The credit to be earned for a single nano-learning program is one fifth credit.
 - (D) For blended learning programs included in Rule 6-5 (a)(1)(C), CPE credit must equal the sum of the CPE credit determination for the various completed components of the program.
 - (E) An instructor/developer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor/developer CPE credit.
 - (F) A technical reviewer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual review time up to the actual number of CPE credits for the learning activity. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for technical reviewer CPE credit.
 - (G) Authors of published articles, books and other publications may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. For the author to receive CPE credit, the article, book or CPE program must be formally reviewed by an independent subject matter expert. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for author CPE credit.
 - (H) (i) For courses that are part of the curriculum of a university, college or other educational institution, each semester hour credit shall equal fifteen (15) CPE credits, and each quarter hour shall equal ten (10) CPE credits.
(ii) For non-credit courses, CPE credit shall equal actual time in class.
(iii) CPE credit for instructing a college or university course shall be twice the credit that would have been granted participants for the first presentation of a specific

course or program and none thereafter, except if the course content has been substantially revised. To the extent a course has been substantially revised, the revised portion shall be considered a first presentation.

(iv) Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor CPE credit.

- (I) Not more than twenty-five percent (25%) of the total qualifying CPE credits for a CPE reporting period may consist of a combination of the learning activities defined in Rule 6-5 (a) (4) and (5).

Commentary: The following chart summarizes the CPE credit allocation standards set forth in Rule 6-6(a)(1)(A)-(C).

Qualifying CPE Program	Minimum initial credit that must be earned	After first credit has been earned, credit may be earned in these increments
Group	One	One-fifth or one-half
Independent study	One	One-fifth or one-half
Blended learning	One	One-fifth or one-half
Self-study	One-half	One-fifth or one-half
Nano-learning	One-fifth	Not applicable (single nano-learning program is one-fifth credit)

(b) CPE records.

An applicant seeking renewal of a certificate, registration or license from the Board shall, as a prerequisite for such renewal, certify in a manner acceptable to the Board, that the applicant for renewal meets all of the CPE requirements set forth in Rule 6-4 above. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant who should retain such documentation for the longer of a period of five years or two reporting periods following completion of each learning activity.

The Board will verify, on a test basis, information submitted by applicants for renewal of a certificate, registration or license. In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured or seek disciplinary action, at the Board's discretion. Fraudulent reporting is a basis for disciplinary action.

Rule 6-7 –CPE Reciprocity.

A non-resident licensee seeking renewal of a certificate in this state shall be determined to have met the CPE requirement (including the requirements of Rule 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal place of business is located.

- (a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement to that effect on the renewal application of this state.

- (b) If a non-resident licensee's principal place of business state has no CPE requirements for renewal of a certificate, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in this state.

Rule 6-8 – Exceptions.

- (a) The Board may make an exception to the requirement set out in Rule 6-4(b) for a licensee who is inactive or who does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.
- (b) The Board may in particular cases make exceptions to the requirements set out in Rule 6-4(b) for reasons of individual hardship including health, military service, foreign residence, or other good cause.
- (c) Licensees granted an exception by the Board must place the word "inactive" adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears.
- (d) Licensees granted an exception by the Board must comply with a re-entry competency requirement defined by the Board as set out in Rule 6-4(d) before they may discontinue use of the word "inactive" in association with their CPA or PA title.

Rule 6-9 – Interstate practice.

- (a) These regulations provide two distinct routes for an individual already licensed in another state to be authorized to practice in this state. The applicable route depends upon whether the individual will establish a principal place of business in this state. Individuals establishing a principal place of business in this state may qualify for a reciprocal license as described in Section 6(c)(2) of the Act (substantial equivalence) or as described in Section 6(c)(1) of the Act and Rule 6-9(b) below). Individuals with a principal place of business in another state may offer or render services in this state pursuant to substantial equivalence (see Section 23(a)(1) or (a)(2) of the Act).
- (b) Regarding an individual establishing a principal place of business in this State, if the substantial equivalency standard set out in Section 23 of the Act is not applicable, the Board shall issue a reciprocal certificate to the holder of a certificate issued by another state provided that the applicant meets each of the following requirements:
 - (1) Has successfully completed the CPA examination. Successful completion of the examination means that the applicant passed the examination in accordance with the rules of the other state at the time it granted the applicant's initial certificate.
 - (2) Has satisfied the 4-in-10 experience requirement set out in Section 6(c)(1)(B) of the Act.
 - (3) Has experience of the type required under the Act and these Rules for issuance of the initial certificate.
 - (4) Has met the CPE requirement pursuant to Section 6(c)(1)(C) of the Act, if applicable.

Rule 6-10 – International reciprocity.

- (a) The Board may designate a professional accounting credential or professional registration issued in a foreign country as substantially equivalent to a CPA license.
- (1) The Board may rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency and may presume that an applicant with a foreign accounting credential that is covered by a currently valid Mutual Recognition Agreement (MRA) is substantially equivalent (subject to other qualifying requirements as provided in the MRA).
 - (2) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:
 - (i) the holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and
 - (ii) the foreign credential is valid and in good standing at the time of application for a domestic credential.
- (b) The Board may satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of U.S. practice standards [and the Board's regulations]. The Board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies to develop, administer, and grade such qualifying examination(s). The Board will specify the qualifying examination(s) and process by resolution.
- (c) An applicant for renewal of a CPA certificate originally issued in reliance on a foreign accounting credential shall:
- (1) Make application for renewal at the time and in the manner prescribed by the Board for all other certificate renewals;
 - (2) Pay such fees as are prescribed for all other certificate renewals;
 - (3) If the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended or revoked and the applicant is not the subject of a current investigation. If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of any disciplinary proceedings or investigations at the time that the foreign credential lapsed; and
 - (4) Either show completion of CPE substantially equivalent to that required under Rule 6-4 within the three year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in this State.
- (d) The holder of a license or practice privilege issued or granted by this Board in reliance on a foreign accounting credential or license shall report any investigations undertaken, or sanctions imposed, by a foreign credentialing or licensing body against the CPA's foreign credential or license, or any discipline ordered by any other regulatory authority having jurisdiction over the holder's conduct in the practice of accountancy.
- (e) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting adversely upon

the CPA's fitness to retain the certificate and may be a prima facie basis for Board action, subject to the following.

- (f) The Board may presume procedural due process and fairness if the foreign jurisdiction is a party to a current MRA that NASBA, the AICPA and this State have adopted.
- (g) Conviction of a felony or any crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the certificate and is a basis for Board action.
- (h) The Board shall notify the appropriate foreign credentialing authorities of any sanctions imposed against a CPA.
- (i) The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.

Rule 6-11 – Peer review for certificate holders who do not practice in a licensed firm.

A certificate holder who issues compilation reports as defined in this Act other than through a CPA firm that holds a permit under Section 7 of this Act must undergo a peer review as required under Rules 7-3 and 7-4.

Executive Summary
August 21 – October 4, 2017
Regional Directors' Focus Question Responses

27 Boards Responding

(AR, CA, FL, GA, GU, HI, ID, IL DFPR, KS, LA, ME, MI, MN, MS, MT, NC, NM, NV,
OK, PA, SC, SD, TN, TX, UT, VA, WY)

1. How does your Board keep current on changes in the AICPA Code of Professional Conduct and other ethical requirements affecting the profession (e.g., GAO Yellow Book)?
 - Report from Board's Ethics Committee – HI, NM
 - Summary from Board Chair or Board Meetings – AR, PA, TX
 - Summary from Executive Director – GU, ID, NV, OK
 - Summary from Legal Counsel – IL DFPR

Other –

 - Conferences, professional newsletters/magazines – AR
 - NASBA Conferences - GA
 - Review AICPA Code of Professional Conduct - KS, NC
 - Members review and advise individually – FL, LA
 - Keep apprised as part of their professional responsibilities at their firms - ME
 - Department of Licensing and Regulatory Affairs tracks - MI
 - Board's Regulatory Concerns Committee - MS
 - NASBA Regional, Annual and/or Executive Directors Conferences - SD
 - Board member on NASBA's Ethics Committee - TN
 - Information from associations, NASBA, AICPA discussed at Utah Board Meetings - UT
 - Typically not communicated unless in form of exposure draft or presented to Board at NASBA conference - VA
 - Typically through course of regular business and individual investigations and research of areas of Code pertinent to matter being investigated – CA, WY

2. Does your Board discuss the significance of changes to Code and how they would work in your state's environment?
 - Always discuss – CA, GU, ID, KS, MI, MT, NM, NV, PA, SD, TX.
 - Depends on the issue – IL DFPR, LA, MN, MS, NC, OK, SC, TN, UT
 - If conflict with Board's statutes, recognized but not discussed - HI
 - Other – Have Professional Code of Conduct – AK; Attend NASBA conferences – GA; Would if thought they affected laws, rules or oversight activities – ME; Same response as #1 - WY

3. The AICPA Professional Ethics Executive Committee recently issued an exposure draft on long association of senior personnel with an attest client. Would you be able to discipline a licensee for violation of an independence rule based on his or her disregarding the threats outlined in the proposed interpretations 1.267? For example, Smith is a sole practitioner who lives in a small town in your state and has been its only manufacturing plant's auditor for over 20 years. If there is an audit failure, could you hold Smith accountable based on this interpretation?
 - Depends on the investigator's advice – FL, HI, ID, IL DFPR, LA, MS, SD, UT, WY
 - Depends on the Board's attorney's advice – GA, MN, MT, OK, PA, SD, TN, TX
 - Unlikely to rule – ME, NM
 - AICPA Code not referenced in our state – AR
 - Other – Depending on facts/circumstances that violated contributed to audit failure – GU; If audit failure other portions of standards that discipline could fall under – NV; If named on complaint to the Board it would be able to discipline – NC; We would be able to discipline – KS; Can impose

discipline for CPA's or CPA firm's failure to follow interpretation of AICPA Code of Professional Conduct – VA; Board staff would conduct full investigation - CA.

4. UAA Rules Section 7-3(a) requires all firms rendering attest services to be enrolled in a compliance assurance (peer review) program approved by the Board. According to the Model Rules, the Board is responsible for approving the entity that administers the program in UAA Rules Section 7-3(b). Finally, in Section 7-4(b) an oversight committee (i.e., Peer Review Oversight Committee (PROC)) is to be appointed to monitor the compliance of the administering entity to Acts and Rules of the Board. Not every state has enacted the exact Model Rules.

(a) In your jurisdiction, what are your procedures for investigating firms that claim exemption from peer review to determine the validity of the exemption?

Some responses: We only investigate if a claim arises – HI, LA, ME, TN; Board staff will contact firm to ensure compliance – CA.

(b) Has your Board formally approved the peer review program's administering entity and, if yes, is this an annual decision?

- No – AR, FL, MN, NV, SD, UT, WY
- Yes – CA, GU, HI, ID, LA, ME, MS, NM, PA, OK, TX
- Other – GA, KS, MT, NC, TN

(c) How do you assess the effectiveness of the peer review program?

- Sample reports – ID, NM, NV, NC
- Comments from licensees – LA, PA
- PROC report – AR, CA, FL, HI, IL DFPR, KS, MS, OK, TX, VA
- Other – GA, GU, ME, MN, SD, TN, UT, WY

(d) Does your Board have an active, functioning PROC?

- No - GA, ME, MN, NM, NV, NC, PA, SD, UT
- Yes – AR, CA, FL, GU, HI, ID, KS, LA, MS, MT, OK, TN, TX, VA, WY

(e) Does the Board formally approve the report from your appointee/PROC each period that it is received?

- Yes – AR, CA, HI, KS, MN, MS, NC, OK, VA, WY
- No – FL, GA, GU, ID, IL DFPR, LA, MT, NM, NV, PA, SD, TN, UT

(f) If your current administrative entity is contemplating withdrawal from the program, has your Board been included in the selection of a successor?

- Yes – GU, HI
- No – FL, ID, KS, MN, MS, MT, NM, NV, PA, OK, SD, UT
- No requirement for Board's approval in our jurisdiction – AR, GA, MN, MS, WY

5. What is happening in your jurisdiction that other Boards and NASBA should know about?

Some responses:

- HI - Implementation of the peer review program. December 31, 2017 is the first renewal of a firm permit to practice that will require completion of a peer review.
- PA - We just changed our CPE rules and we would like to begin moving toward extending the window for passing the CPA Exam to 24 months.

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

Some responses:

- CA – Licensees who perform preparation engagements as their highest level of service now must complete prescribed CPE. Tell other states.
- ME - Yes. We encourage the exploration of NASBA as a PROC for NEPR.
- UT - Would appreciate any information NASBA can forward regarding successful peer review oversight procedures utilized by other states.

For details, see 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 21, 2017 to October 4, 2017. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Stephanie S. Saunders (VA) – Chair, Committee on Relations with Member Boards
Middle Atlantic Regional Director*

Catherine R. Allen (NY) – Northeast Regional Director

J. Coalter Baker (TX) – Southwest Regional Director

Maria E. Caldwell (FL) – Southeast Regional Director

Sheldon P. Holzman (IL) – Great Lakes Regional Director

Sharon A. Jensen (MN) – Central Regional Director

Edwin G. Jolicoeur (WA) – Pacific Regional Director

Nicola Neilon (NV) – Mountain Regional Director

		<p>QUESTION 1: How does your Board keep current on changes in the AICPA Code of Professional Conduct and other ethical requirements affecting the profession (e.g. GAO Yellow Book)?</p> <ul style="list-style-type: none"> • Report from Board's Ethics Committee • Summary from Board Chair • Summary from Executive Director • Summary from Legal Counsel? • Other (please explain below).
Arkansas	Jimmy Corley	Other. Board members and some staff attend conferences and read professional newsletters/magazines. Anything found to be important is discussed at Board meetings.
California	Aaron Bone	Other. The California Board of Accountancy (CBA) staff regularly monitors for any updates or changes to the AICPA Code of Professional Conduct or other ethical requirements. Updates and changes are presented by CBA staff at CBA meetings for consideration and direction by the CBA.
Florida	Veloria Kelly	There is no report. The Florida Board relies on each individual member to keep current themselves.
Georgia	Paul Ziga	Other. No formal program. Board Members and Executive Director attend NASBA conferences to stay abreast of current issues and changes.
Guam	Dave Sanford	Summary from Executive Director, plus Ethics CPE required of licensees, and other update sources.
Hawaii	Laureen Kai	Report from Ethics Committee.
Idaho	Kent A. Absec	Summary from Executive Director.
Illinois DFPR	Dawn Carlson	Other. IDFPR Legal Counsel provides changes impacting the Illinois Public Accounting Act or the Administrative Code for the Illinois Public Accounting Act. The majority of the committee members are also CPAs and keep abreast of changes through the AICPA.
Kansas	Susan Somers	Other. We review any changes made to the AICPA Code of Professional Conduct each year when amending our Regulations.
Louisiana	Darla M. Saux	Other. Each member reviews and advises individually.
Maine	Tracy Harding	Other. Board members who are auditors (including the chair) keep apprised as part of their professional responsibilities at their firms.
Michigan	Mike Swartz	The Michigan Department of Licensing and Regulatory Affairs (LARA) tracks as well as general knowledge of Board CPA members.
Minnesota	Doreen Frost	Combination of above and with communications from NASBA.

Mississippi	Andy Wright	The Board's Ethics Committee is wrapped within the Board's Regulatory Concerns Committee and reporting of significant changes to the AICPA Code of Conduct, GAO Yellow Book, etc., is made to the Board by the Regulatory Concerns Committee.
Montana	Grace Berger	Other. Summary and recommendations from the rules review committee.
Nevada	Viki Windfeldt	Summary from Executive Director.
New Mexico	Jeanette Contreras	Report from Board's Ethics Committee.
North Carolina	Robert N. Brooks	Other. Changes to the AICPA Code of Professional Conduct are exposed for review and the Executive Staff review those that would impact the ethics of our licensees in our board statutes and rules.
Oklahoma	Randy Ross	Summary from Executive Director. Board members also receive updates.
Pennsylvania	Barry Berkowitz	Summary from Board Chair.
South Dakota	Nicole Kasin	Other. Updates from NASBA at Regional, Annual or Executive Directors Conferences.
Tennessee	Wendy Garvin	Other. Our process is fairly informal. We currently have a member of the Tennessee Board that sits on NASBA's Ethics Committee. She gives an update at each meeting regarding current issues. If there are issues that need Board action, the executive director will place the item on the Board's agenda for discussion.
Texas	William Treacy	Summary from Board. Outgoing Board Chair on PEEC.
Utah	Robyn Barkdull	Other. Information received from associations, NASBA, AICPA, etc., is placed on the agenda for discussion at Board meetings.
Virginia	Wade A. Jewell	Other. Typically this information is not communicated to the Board members unless changes are sent out in the form of an exposure draft asking for Board input, presented to Board members at a NASBA Conference, or in the form of important information received by the Executive Director that he then may forward to Board members.
Wyoming	Pam Ivey	Other. Board members receive information in the course of their regular business. The Board, as a body, has not had a need to keep abreast of all of the changing requirements except for the instances in which the Code of Professional Conduct is incorporated by reference or otherwise referenced in Board rules. In addition, as required by individual investigations, investigation Board Members research areas of the Code pertinent to the matter being investigated.

NAME	QUESTION 2. Does your Board discuss the significance of changes to the Code and how they would work in your state's environment?
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		<ul style="list-style-type: none"> • Always discuss. • Never discuss. (explain below) • Depends on the issue. (explain below) • Other (explain below).
Arkansas	Jimmy Corley	Other. We have our own Professional Code of Conduct.
California	Aaron Bone	Always Discuss.
Florida	Veloria Kelly	Other. [No explanation provided.]
Georgia	Paul Ziga	Other. No formal program. Board Members and Executive Director attend NASBA Conferences to stay abreast of current issues and changes.
Guam	Dave Sanford	Always discuss.
Hawaii	Laureen Kai	Depends on the issue. If the change is in conflict with the Board's statutes, it would be recognized but not discussed.
Idaho	Kent A. Absec	Always discuss.
Illinois DFPR	Dawn Carlson	Depends on the issue. It is discussed as it relates to the business at hand. We also discuss issues unrelated to the Code of Professional Conduct, such as licensing being taken completely online.
Kansas	Susan Somers	Always discuss.
Louisiana	Darla M. Saux	Depends on the issue.
Maine	Tracy Harding	Other. We would if we thought they affected our laws, rules or oversight activities.
Michigan	Mike Swartz	Always discuss. LARA directs change and Board discusses.
Minnesota	Doreen Frost	Depends on the issue.
Mississippi	Andy Wright	Depends on the issue. The Regulatory Concerns Committee reports on Code of Conduct changes that are significant to Mississippi Licensees and would have a major impact upon the protections of the public interest.
Montana	Grace Berger	Always discuss.
Nevada	Viki Windfeldt	Always discuss.
New Mexico	Jeanette Contreras	Depends on the issue.
North Carolina	Robert N. Brooks	Depends on the issue. Changes that would affect the ethical conduct of our licensees would be discussed by our Board.
Oklahoma	Randy Ross	Depends on the issue. Oklahoma refers to the code of professional conduct in its statutes. When appropriate, the Board may discuss changes or proposals.
Pennsylvania	Barry Berkowitz	Always discuss.
South Carolina	Ellen Adkins	Depends on the issue.

South Dakota	Nicole Kasin	Always discuss. Discussion will be after it is brought to our attention.
Tennessee	Wendy Garvin	Depends on the issue. We have not had a formal method of evaluating these items but plan to add this responsibility to our Law and Rules Committee.
Texas	William Treacy	Always discuss. Rules and other Committees monitor and discuss.
Utah	Robyn Barkdull	Depends on the issue. Code issues affecting the CPA profession in Utah will be discussed by the Board.
Virginia	Wade A. Jewell	Other. If the Board/Executive Director is made aware of significant changes that will impact the Board's statutes, regulations, policies or procedures, then the issue will be put on the Board's next meeting agenda.
Wyoming	Pam Ivey	Other. Response is the same as for question #1.

BOARD/AFFILIATION	NAME	QUESTION 3. The AICPA Professional Ethics Executive Committee recently issued an exposure draft on long association of senior personnel with an attest client. Would you be able to discipline a licensee for violation of an independence rule based on his or her disregarding the threats outlined in the proposed interpretation 1.267? For example, Smith is a sole practitioner who lives in a small town in your state and has been its only manufacturing plant's auditor for over 20 years. If there is an audit failure, could you hold Smith accountable based on this interpretation? <ul style="list-style-type: none"> • Depends on the investigator's Advice. • Depends on the Board's attorney's advice. • Unlikely to rule (explain below). • AICPA Code not referenced in our state • Other (please explain below).
Arkansas	Jimmy Corley	AICPA Code not referenced in our state.
California	Aaron Bone	Other. California Board of Accountancy staff would conduct a full investigation on the specific facts and circumstances of this matter. If the facts and circumstances demonstrated that Smith disregarded the threats outlined in the proposed interpretation 1.267, discipline would be considered by the California Board of Accountancy.

Florida	Veloria Kelly	Other. The Division has Section 473.315, Florida Statutes, and Rule 61H1-21.001, Florida Administrative Code, and guidance through the Board's document, Standards for Determining Independence in the Practice of Public Accountancy for CPAs Practicing Public Accountancy in the State of Florida, to address issues regarding independence, and based on an audit failure, one can be held accountable and a violation can be pursued through an investigation depending on whether a complaint has been submitted with either an Order entered for a violation obtained through resources like the PCAOB, SEC, or other states where the licensee has been disciplined, and/or through a copy of the audit itself that the investigator can then investigate further or it can be referred to one of the Division's experts for a more substantive review.
Georgia	Paul Ziga	Depends on the Board's attorney's advice.
Guam	Dave Sanford	Other. Yes, depending on specific facts and circumstances, i.e., that violation(s) of such contributed to the audit failure.
Hawaii	Laureen Kai	Depends on the investigator's advice.
Idaho	Kent A. Absec	Depends on the investigator's advice.
Illinois DFPR	Dawn Carlson	Depends on the investigator's advice.
Kansas	Susan Somers	Other. Yes, we would be able to discipline.
Louisiana	Darla M. Saux	Depends on the investigator's advice.
Maine	Tracy Harding	Unlikely to rule. Long association by itself would not cause a violation
Michigan	Mike Swartz	Other. First depends on the failure, then depends on the auditor activities and how they maintain their independence. That would all be reviewed during the investigation and a CPA Board member would likely be involved in the investigation.
Minnesota	Doreen Frost	Depends on the Board's attorney's advice.
Mississippi	Andy Wright	Depends on the investigator's advice. If the licensee did not comply with the documentation requirements of the threats to independence and how he/she implemented safeguards to overcome the threats, then yes, the Board could discipline the licensee. (Also depends on the Board attorney's advice.)
Montana	Grace Berger	Depends on the Board's attorney's advice.
Nevada	Viki Windfeldt	Other. The Board discussed the question and stated that it would be difficult to discipline based on this particular standard. However, if there was an audit failure there are other portions of the standards that discipline could fall under.
New Mexico	Jeanette Contreras	The Board is unlikely to rule. The Board would consider disciplinary action if defective engagement was found either through a complaint or a peer review.

North Carolina	Robert N. Brooks	Other. If the conduct of a licensee in the situation stated above was named in a complaint to the Board it would be investigated for violation of the ethical conduct for possible discipline.
Oklahoma	Randy Ross	Depends on the Board's attorney's advice.
Pennsylvania	Barry Berkowitz	Depends on the Board's attorney's advice.
South Dakota	Nicole Kasin	Other. It is both depending on the investigator's and Board attorney's advice.
Tennessee	Wendy Garvin	Depends on the Board's attorney's advice. Tennessee rule 0020-06-.03 discusses independence and the licensee's responsibility to conform to the independence standards established by the AICPA, SEC, GAO and other regulatory or professional standards setting bodies. Tennessee rules also point to the AICPA Code when our rules are silent on a matter. Discipline attorneys review investigative reports submitted by the Board's investigator. The attorney then recommends action to the Board's enforcement committee based on their review of the matter from a legal perspective.
Texas	William Treacy	Depends on the Board's attorney's advice.
Utah	Robyn Barkdull	Depends on the investigator's advice. If the AICPA takes disciplinary action, Utah in most cases will mirror that action. However, Utah may take action independently upon investigation report.
Virginia	Wade A. Jewell	Other. The Virginia Board of Accountancy (VBOA) can impose discipline for a CPA's or CPA firm's failure to follow an interpretation of the AICPA Code of Professional Conduct. VA. Code section 54.1-4413.3(4) states that all CPAs and CPA firms in Virginia are to "[f]ollow the Code of Professional Conduct, and the related interpretive guidance, issued by the American Institute of Certified Public Accountants." It is possible, however, that the VBOA may determine that Smith's long association with his attest client violates another provision of Va. Code section 54.1-4413.3, using rationale or reasoning similar to that of the proposed interpretation.
Wyoming	Pam Ivey	Depends on the investigator's advice.

BOARD/AFFILIATION	NAME	QUESTION 4: VAA Rules Section 7-3(a) requires all firms rendering attest services to be enrolled in a compliance assurance (peer review) program approved by the Board. According to the Model Rules, the Board is responsible for approving the entity that administers the program in VAA Rules Section 7-3(b). Finally, in Section 7-4(b) an oversight committee (i.e., Peer Review Oversight Committee (PROC)) is to be appointed to monitor the

		<p>compliance of the administering entity to Acts and Rules of the Board. Not every state has enacted the exact words in the Model Rules.</p> <p>(a) In your jurisdiction what are your procedures for investigating firms that claim exemption from peer review to determine the validity of the exemption?</p> <p>(b) Has your Board formally approved the peer review program's administering entity and if yes, is this an annual decision?</p> <ul style="list-style-type: none"> • No. • Yes. • Other (please explain below). <p>(c) How do you assess the effectiveness of the peer review program?</p> <ul style="list-style-type: none"> • Sample reports • Comments from licensees • PROC report • Other (please explain below). <p>(d) Does your Board have an active, functioning PROC?</p> <ul style="list-style-type: none"> • No • Yes <p>(e) Does the Board formally approve the report from you appointees/PROC each period that it's received?</p> <ul style="list-style-type: none"> • Yes • No <p>(f) If your current administrative entity is contemplating withdrawal from the program, has your Board been included in the selection of a successor?</p> <ul style="list-style-type: none"> • Yes • No • No requirement for Board's approval in our jurisdiction <p>(a) None – peer review not required in our state until 1-1-19.</p> <p>(b) No.</p> <p>(c) PROC report.</p> <p>(d) Yes. Annually</p> <p>(e) Yes.</p>
Arkansas	Jimmy Corley	

		<p>(f) No requirement for Board's approval in our jurisdiction.</p>
California	Aaron Bone	<p>(a) California Board of Accountancy regulations section 45 requires all licensees at the time of renewal to report to the California Board of Accountancy specific peer review information as required on the Peer Review Reporting Form PR-1 (Form PR-1). Form PR-1 requires a firm to report the highest level of work that they perform and to acknowledge compliance with the peer review requirement. If a firm claims exemption and the firm's highest level of work subjects them to peer review, the California Board of Accountancy staff will contact the firm to ensure compliance. If a firm is unwilling to comply, enforcement action is considered.</p> <p>(b) Yes. The Peer Review Oversight Committee (PROC) performs regular oversight activities on California's Administering Entity (CalCPA). These activities include an annual site visit which is summarized and presented to the California Board of Accountancy annually.</p> <p>(c) PROC report. The California Board of Accountancy has a PROC that meets quarterly. Each of the PROC members actively participates in the oversight of the effectiveness of the peer review program. The PROC provides an annual report of activities to the California Board of Accountancy.</p> <p>(d) Yes. Quarterly.</p> <p>(e) Yes.</p>
Florida	Veloria Kelly	<p>(a) We operate on a complaint based system. We do not independently determine whether a firm is required to undergo peer review unless there is a complaint. When a complaint is received on any issue, the administrative staff opens a file and if upon opening a file, staff determines that the firm should have a peer review, the licensee is required to furnish proof of enrollment.</p> <p>(b) No.</p> <p>(c) PROC report.</p> <p>(d) Yes. Annually.</p> <p>(e) No.</p> <p>(f) No.</p>
Georgia	Paul Ziga	<p>(a) The Board relies on the Administering entity (primarily the Georgia Society of CPAs) to provide evidence of compliance</p> <p>(b) Other. Board Rule approves the AE as an approved AE as determined by the AICPA.</p> <p>(c) Other. Primarily through feedback from the Georgia Society of CPAs.</p>

		<p>(d) No. Primarily through feedback from the Georgia Society of CPAs and Board office review of Firm renewal submissions.</p> <p>(e) No.</p> <p>(f) No requirement for Board's approval in our jurisdiction</p>
Guam	Dave Sanford	<p>(a) Given our small business and banking community, it's not difficult to identify firms that require peer review, and we review each firm permit renewal for such annually.</p> <p>(b) Yes. Through the AICPA program, the Oregon Society of CPAs is our administering entity, and has been approved for the latest round of peer reviews due this year.</p> <p>(c) Other. Through review of firms' peer review reports, and comments of both the firms and their reviewers. All of our peer reviewed firms have made their reports available to us through the AICPA Facilitated State Board Access channel. On occasion, the Board has also interviewed the reviewer.</p> <p>(d) Yes. Other. Our Board is our PROC, per statute.</p> <p>(e) No.</p> <p>(f) Yes.</p>
Hawaii	Laureen Kay	<p>(a) No investigation would be initiated unless a complaint or referral is received by the Board</p> <p>(b) Yes.</p> <p>(c) PROC report.</p> <p>(d) Yes.</p> <p>(e) Yes</p> <p>(f) Yes</p>
Idaho	Kent A. Absec	<p>(a) We have not had a firm claim exemption for peer review. If we discover a firm has failed to comply with peer review requirement, we would open a complaint against the firm or individual and have them respond and then have our Investigative Committee review the matter and make a recommendation.</p> <p>(b) Yes.</p> <p>(c) Sample reports and comments from licensees.</p> <p>(d) Yes. Annually.</p> <p>(e) No.</p> <p>(f) No.</p>
Illinois DFPR	Dawn Carlson	<p>(a) The Illinois CPA Society administers the Peer Review Program for Illinois and other states. If there were questions regarding a firm's compliance with peer review, we would first look to the Society for additional information.</p>

			<p>(b) The Division has approved a number of approved Qualified Peer Review Administrators as listed in the Administrative Code.</p> <p>(c) PROOC report. Reports from the Illinois CPA Society.</p> <p>(d) No. Reports from the Illinois Society.</p> <p>(e) No.</p>
Kansas	Susan Somers		<p>(a) Initial application and renewal forms ask what type of services a firm is providing. If previously subject to Peer Review and no longer subject to Peer Review, the firm must complete a Peer Review form indicating the date of the last report issues, along with the year end of the client, and type of report issued so that the Board may determine if the firm would still be required to complete a peer review.</p> <p>(b) Other. We have approved the State society and the National Peer Review Committee, but do not do it on an annual basis.</p> <p>(c) PROOC report. Other. Under Kansas law, the Board may obtain the results.</p> <p>(d) Yes. Annually.</p> <p>(e) Yes.</p> <p>(f) No.</p>
Louisiana	Darla M. Saux		<p>(a) When there is a complaint and/or some indication of a violation, it is investigated. We do not proactively investigate every permitted firm to determine if an exemption is valid.</p> <p>(b) Yes.</p> <p>(c) Comments from licensees and PROOC report.</p> <p>(d) Yes. After each meeting and at each Board meeting.</p> <p>(e) No.</p>
Maine	Tracy Harding		<p>(a) We only investigate if a complaint arises.</p> <p>(b) Yes. Not an annual decision</p> <p>(c) Other. We meet periodically with New England Peer Review to obtain an update on their processes. We rely on NASBA's involvement with the AICPA program.</p> <p>(d) No. See 4(c) above.</p>
Michigan	Mike Swartz		<p>(a) Lara reviews licensing information and compares to peer reviews completed. The Michigan State Society (MICPA) functions as the administering entity and PROOC.</p> <p>(b) Other. Unsure if a formal approval was made.</p> <p>(c) Other. Peer reviews are evaluated in comparison to license renewals. Peer review failures are evaluated in more detail by LARA. It appears that the process is effective to date.</p> <p>(d) No. MICPA administers the program and LARA reviews noncompliance.</p>

		(e) No. (f) No.
Minnesota	Doreen Frost	(a) Staff and committee review (b) No. (c) Other. (d) No. In the past we have had a PROC, but it is not active. (e) Yes. (f) No requirement for Board's approval in our jurisdiction.
Mississippi	Andy Wright	(a) The Mississippi State Board of Public Accountancy does not exempt any firm from the peer review program. As far as procedures for investigating firms, we begin that process with the individual CPA License Renewal applications annually filed with the Board. On said application, we ask as follows: "1a. Do you perform audits, reviews, compilations or other services requiring peer review?" Additionally, the CPA Firm Permit renewals have a section of questions related to peer review where the firm renewing is asked "Has the firm performed any of these services [Audits, Reviews, Compilations, Prospective Financial Statements, or Preparation of Financial statements] in the past 12 months for Mississippi based entities?" The answers given on both of these annual filings are cross-checked to independent sources as a regular part of the Board quality control procedures. If the cross-check yields a discrepancy of some sort, it is further examined. Examples of independent sources include the State Board of Contractors, Office of the State Auditor, US Department of Labor, NASBA, and the Federal Audit Clearing House. Databases, lists, and/or reports are received regularly, reviewed, and used to keep the Board aware of potential CPAs or CPA Firms who need to be enrolled in the peer review program. Investigative cases are opened as appropriate. (b) Yes. Annual approval of the administering entity (AE) is not required by the Board under our contract with the AE. (c) PROC report (d) Yes. Annually. (e) Yes. (f) No requirement for Board's approval in our jurisdiction.
Montana	Grace Berger	(a) None. (b) Other. The Board has approved the State Society as the administering entity. They are identified in the rule.

			<p>(c) PROOC report.</p> <p>(d) Yes. Annually.</p> <p>(e) No.</p> <p>(f) No.</p>
Nevada	Viki Windfeldt		<p>(a) The Board relies upon the representations that are made by individuals when selected to report peer review. The forms are signed under penalty and perjury. The Board also follows on reports provided by other agencies such as the DOL. Otherwise there is no other way of verifying the validity of the information provided to the Board.</p> <p>(b) No</p> <p>(c) Sample reports. Comments from licensees. Other: The Board has previously relied upon the oversight report from the AICPA. In addition to the Boards own experiences, communication with administering entity, comments from licensees and information that is provided throughout our review of peer review information.</p> <p>(d) No. The Board has a rigorous program where board staff review and monitor all licensees that are selected and required to report peer review information. The responsibility and requirement for peer review falls to the licensee and the Board monitors the reporting and submission of reports closely.</p> <p>(e) No.</p> <p>(f) No.</p>
New Mexico	Jeanette Contreras		<p>(a) We have been struggling to find a way to determine if engagements were done that required peer review and no peer review was done.</p> <p>(b) Yes. It will stay approved until the Board decides to change.</p> <p>(c) Sample reports.</p> <p>(d) No. Rely on oversight by AICPA to make sure the administering entity is complying.</p> <p>(e) No.</p> <p>(f) No.</p>
North Carolina	Robert N. Brooks		<p>(a) Our statutes and rules require licensees who provide attest services that require peer review to enroll in the peer review program administered by our state CPA association. When the CPA registers his or her CPA firm and annually renews the CPA firm, they attest to providing or not providing attest services. We do not feel we have to investigate our licensees to prove their statements.</p> <p>(b) Other. The Board has a contractual agreement with the North Carolina Association of CPAs to administer the peer review program for all the Board licensees regardless of their</p>

			<p>membership in the Association. It is a continuing agreement unless a one year notice to cancel is given by either party.</p> <p>(c) Sample reports. Comments from licensees. Other. The Board Executive Staff, Board members, NCACPA Board members, the NCACPA Executive Staff, members of the NCACPA Peer Review Committee including their Peer Review Administrator meet during the year on numerous occasions in which peer review is discussed.</p> <p>(d) No. The Board considers our interaction as outlined in 4(c) to properly monitor compliance by the NCACPA with the program rules and the Board statutes and rules.</p> <p>(e) Yes.</p>
Pennsylvania	Barry Berkowitz		<p>(a) The Board Administrator investigates and, if needed, brings to the attention of the Board's Executive Committee (chair and vice chair).</p> <p>(b) Yes.</p> <p>(c) Comments from licensees</p> <p>(d) No. Communication with the AE and the licensees. We have full confidence in the work of our AE, other than some timeliness of reporting which is regularly discussed between the Board Chair and the AE CEO.</p> <p>(e) No.</p> <p>(f) No.</p>
Oklahoma	Randy Ross		<p>(a) We review all registrant registration applications. If registrants are performing attest services we verify they are compliant with peer review requirements.</p> <p>(b) Yes. The Board has approved the Administering Agency. This is an annual renewal item.</p> <p>(c) PROC Report.</p> <p>(d) Yes. Quarterly</p> <p>(e) Yes.</p> <p>(f) No.</p>
South Dakota	Nicole Kasin		<p>(a) On the annual firm renewal, the firm's representative signs the claim for exemption and that is done under penalty of perjury.</p> <p>(b) No.</p> <p>(c) Other. The Board reviews all peer review reports for all firms.</p> <p>(d) No. The entire Board reviews all of the peer review reports for all firms.</p> <p>(e) No.</p> <p>(f) No requirement for Board's approval in our jurisdiction</p>

Tennessee	Wendy Garvin	(a) Tennessee does not investigate firms that claim exemption from peer review unless a complaint is filed or other information is brought to the Board's attention that may indicate a violation of the law or rules. (b) Other. Board rules define approved peer review programs. This is not an annual decision. (c) Other. A recent change in law now allows the Board access to peer review results. New rules are being approved to facilitate Board access to a firm's peer review documents and we expect those to be in place towards the end of 2017. Up until now, the Board has relied on the annual oversight statistics provided by the AE to evaluate the program. (d) No. Yearly oversight reports are provided by the state's administering entity (AE). AE personnel are available at the January meeting each year to answer questions and provide statistics related to the program. The AE also provides the Board with their biannual oversight report conducted by the AICPA Peer Review Board. (e) No.
Texas	William Treacy	(a) Firms are required to sign an affidavit of part of the license renewal process. (b) Yes. (c) PROC report. (d) Yes. Annually. (e) Yes.
Utah	Robyn Barkdull	(a) Random audits/investigation; complaints. (b) No. (c) Other. Utah has not been receiving PROC reports from the administering entity. This is something the Board will be researching further. Currently, Utah relies on AICPA information or complaints which are investigated. (d) No. (e) No. (f) No.
Virginia	Wade A. Jewell	(a) The Board investigates firms that claim exemption from peer review during the initial application for a firm license (through questions and internet search by the Enforcement Division), or when there is a disciplinary action. Otherwise, the Board has not enacted any practice/procedure for follow up with existing firms. We rely heavily on the public, CPAs or ads in local newspapers, magazines, etc. (clipping service) for information on unlicensed activity or licensed firms not enrolled in peer review.

		<p>(b) Other. The Board does not have documentation to show whether or not it has "formally" approved the VSCPA as our administering entity. This is not an annual discussion/decision.</p> <p>(c) PROOC report.</p> <p>(d) Yes. Annually.</p> <p>(e) Yes.</p>
Wyoming	Pam Ivey	<p>(a) Any allegations of non-compliance with peer review requirements based upon inaccurate or false statements with respect to the firm's scope of practice are identified on an exception basis or if a complaint is filed. The Board does not have the resources to launch investigations to determine that firms' scopes of practice are accurately reported to the Board.</p> <p>(b) No. For as long as memory serves, the Board has relied on the Nevada Society of CPAs to administer the AICPA Peer Review Program for Wyoming firms.</p> <p>(c) Other. The recent oversight report and response is all this Board has to determine the effectiveness of the AE and the program. Because the Board's Peer Review Oversight Committee (PROOC) is comprised of a sitting Board member, the Board has been informed that Wyoming's PROOC may not attend meetings of the Review Acceptance Board (RAB) affiliated with the Nevada Society of CPAs.</p> <p>(d) Yes. Other. Reporting from the PROOC is usually annually and/or on an as-needed basis.</p> <p>(e) Yes.</p> <p>(f) No requirement for the Board's approval in our jurisdiction.</p>

BOARD/AFFILIATION	NAME	QUESTION 5: What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?
Arkansas	Jimmy Corley	We are currently in rule-making process to implement mandatory peer review.
California	Aaron Bone	Continuing Education for Preparation Engagement. Pursuant to California Board of Accountancy Regulations sections 80.1, 80.2, 87 and 87.1, effective October 1, 2017, California licensees who perform preparation engagements as their highest level of service must complete eight hours of continuing education (CE) in preparation engagements or accounting and auditing and also four hours of CE specifically related to the prevention, detection, and/or reporting of fraud affecting financial statements.

		<p>Mobility. Pursuant to its no-notice, no-fee practice privilege program, the California Board of Accountancy has been evaluating the enforcement programs of each state board of accountancy and comparing them to NASBA's Guiding Principles of Enforcement. At the July 2017 California Board of Accountancy meeting, a NASBA official reported that all jurisdictions disclose licensee disciplinary information to consumers through either CPAVerify or their websites. The California Board of Accountancy appreciates all of NASBA's efforts to assist each jurisdiction become substantially equivalent with NASA's guiding Principles of Enforcement.</p> <p>Four States Added to California's Prohibited Travel List. California law prohibits state-funded travel to states, as determined by the California Attorney general, which have enacted policies that discriminate on the basis of sexual orientation, gender identity, or gender expression. In June 2017, the following four states were added to the list: Texas, Alabama, Kentucky and South Dakota. The full list, including the details of the travel restriction, is available on the California Attorney General's website at https://oag.ca.gov/ab1887.</p>
Florida	Veloria Kelly	Florida continues to work on reducing education requirements for CPA licensure.
Georgia	Paul Ziga	Getting ready to start the individual CPA renewal process as of October 1.
Hawaii	Laureen Kai	Implementation of the peer review program. December 31, 2017 is the first renewal of a firm permit to practice that will require completion of a peer review.
Illinois DFPR	Dawn Carlson	Illinois CPA Society is administering the Peer Review Program for multiple states.
Kansas	Susan Somers	Annual Regulation amendments.
Maine	Tracy Harding	Rulemaking – nano learning and other CPE changes; delete substantial equivalency from experience requirement; specify IQAB MRAs for purposes of substantially equivalent supervisor requirement.
Minnesota	Doreen Frost	In final state of rule changes.
Mississippi	Andy Wright	<ul style="list-style-type: none"> o The Mississippi State Board of Public Accountancy recently hired an Associate Director to manage investigations for the Board. Sharee Brewer began work with the Board on June 30, 2017. Originally from Jackson, Mississippi, she recently retired from the University of Tennessee where she served as a finance and accounting consultant for their Municipal Technical Advisory Service. She brings 30 years of experience in governmental finance and accounting including 22 years spent as an auditor with the Tennessee State Comptroller's Office. She is a Certified Public Accountant, Certified Governmental Financial Manager, and Certified Fraud Examiner. o The Board recently began a project of scanning licensee files in the office to get all historical information into an electronic format. Information on licensees and firms that is currently in the

		<p>Licensing and Registration System (LARS), and therefore already electronic, goes back about three years. Anything older than about three years is still in manual format for scanning.</p> <ul style="list-style-type: none"> o MS House Bill 1425 – The Mississippi Legislature passed an act known as the “Occupational Board Compliance Act of 2017” which established an Occupational Licensing Review Commission to oversee multiple licensing boards in this state. The Mississippi State Board of Public Accountancy is one of the boards that is being brought in under this new oversight commission. <p>The language included in the act states the purpose to be for the commission to provide active supervision to occupational licensing boards controlled by active market participants to help ensure that these boards and board members avoid liability under federal antitrust laws. This is seen as a direct consequence of the N.C. Dental Board case.</p>
Montana	Grace Berger	The State is facing a significant budget shortfall. While the Board of Public Accountants is an enterprise fund, as part of an umbrella agency, they may be affected by staffing issues.
New Mexico	Jeanette Contreras	New Mexico transferred the administration of peer reviews to Colorado. We had a few transitional problems but now working a little better.
Oklahoma	Randy Ross	We continue to monitor the proposed evolution of the peer review process. We are working with the Attorney General to revise procedures pursuant to the North Carolina Dental Case.
Pennsylvania	Barry Berkowitz	We just changed our CPE rules and we would like to begin moving toward extending the window for passing the CPA Exam to 24 months.
Texas	William Tracy	New Board member appointments will be announced shortly. Board undergoing Sunset Review and review by the State Auditor’s Office.
Utah	Robyn Barkdull	Utah has amended the CPA Rule to align the CPE reporting period with the license expiration date and require a mandatory online reporting system. The rule will be effective on or near November 7, 2017.
Wyoming	Pam Ivey	The Board is in the process of reviewing and revising its rules. Emergency rules were filed to effect the provisions of new statutory language regarding reducing the minimum education requirement for applicants to qualify to sit for the Exam as Wyoming candidates. The Board has lost two members whose terms were expired and has welcomed two new members appointed by the Governor. A couple of Board members will work together with a committee of volunteers from the Wyoming Society of CPAs to review and make recommendations for revision of the Board’s practice act. The intention is to be able to have something ready for interim study during the summer and fall of 2018 by the Corporations Committee of the Legislature. The bill containing revisions to the practice act would be introduced during the 2019 legislative session.

BOARD/AFFILIATION	NAME	QUESTION 6. Can NASBA be of any assistance to your Board at this time? <ul style="list-style-type: none"> • No. • Yes. Please explain below.
California	Aaron Bone	<p>Yes. The California Board of Accountancy will be performing outreach regarding the new regulation, effective October 1, 2017, to require prescribed CE for licensees who perform preparation engagements as their highest level of service, 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 other states boards of accountancy, out-of-state applicants and licensees.</p>
Guam	Dave Sanford	<p>Yes. Please help us understand if the AICPA we know, as defined in our Guam statute as the American Institute of CPAs (the "old AICPA"), still exists beyond a shell corp. scenario, as compared to the "new AICPA," known as the Association of International Certified Professional Accountants, that uses the same logo as the "old AICPA" today (see Guam response to UAA Title Language proposed changes). Does the "new AICPA" (the Association...) possess the same rights and privileges with regard to licensed CPAs re: issuing guidance and standards and ethics and disciplinary actions and requirements, as the "old AICPA" (the American Institute...)? If so, will there be a recommendation forthcoming to change the UAA to define the "new AICPA" in state statutes, since the "new AICPA" is not defined or recognized in our existing Guam law or the UAA? Just how much more confusion will be added to the existing levels of such (re the recently updated Texas study) by having to discern amongst two AICPAs which we are dealing with at any particular point in time?!</p>
Hawaii	Laureen Kai	<p>Yes. Assistance and resources for peer review implementation.</p>
Maine	Tracy Harding	<p>Yes. We encourage the exploration of NASBA as a PROC for NEPR.</p>
Montana	Grace Berger	<p>Yes. Several years ago, the Board eliminated the annual CPE filing, at the Department's encouragement. We do utilize the CPE tracking system for CPE audits. We are wondering what other jurisdictions require for reporting or auditing CPE compliance.</p>
Mississippi	Andy Wright	<p>Yes. The Mississippi State Board of Public Accountancy wants to be kept abreast of the project status on the NASBA CPE Reporting tool.</p>
North Carolina.	Robert N. Brooks	<p>Yes. NASBA to study the possible development of a licensing board database software system for the 55 Boards.</p>

Pennsylvania	Barry Berkowitz	Yes. Help with legislation to extend the window discussed above and begin that movement in other jurisdictions.
Tennessee	Wendy Garvin	Yes. The Tennessee Board would consider using NASBA PROC services, if available.
Utah	Robyn Barkdull	Yes. In replying to these focus questions, it is apparent that Utah needs to do more with Peer Review oversight. By Rule, Utah can create a Peer Review Committee as advisory to the Utah Board of Accountancy. This is currently not being utilized, although I believe it may have been in effect some years ago. The Board will pursue the reappointment of this committee and would appreciate any information NASBA can forward regarding successful peer review oversight procedures utilized by other states.
Virginia	Wade A. Jewell	Yes, Continued assistance with video production.
BOARD/AFFILIATION	NAME	QUESTION 7. NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.
Arkansas	Jimmy Corley	Input only from Executive Director.
California	Aaron Bone	Input from all Board Members and Executive Director.
Florida	Veloria Kelly	Input from some Board Members and Executive Director.
Georgia	Paul Ziga	Input from all Board Members and Executive Director.
Guam	Dave Sanford	Input from all Board Members and Executive Director.
Hawaii	Laureen Kai	Input from all Board Members and Executive Director.
Idaho	Kent A. Absec	Input only from Legal Counsel.
Illinois DFPR	Dawn Carlson	Input only from Board Chair.

Kansas	Susan Somers	Input from some Board Members and Executive Director.
Louisiana	Parla M. Saux	Input only from Executive Director.
Maine	Tracy Harding	Input from all Board Members.
Michigan	Mike Swartz	Input from Board Chair, some Board Members and Board Vice Chair Matt Howell
Minnesota	Doreen Frost	Input only from Board Chair and Executive Director.
Mississippi	Andy Wright	Input from all Board Members and Executive Director.
Montana	Grace Berger	Input from all Board Members and Executive Director.
Nevada	Viki Windfeldt	Input from all Board Members and Executive Director.
New Mexico	Jeanette Contreras	Input only from Board Chair and Executive Director.
North Carolina	Robert N. Brooks	Input from all Board Members and Executive Director.
Oklahoma	Randy Ross	Input from all Board Members and Executive Director.
Pennsylvania	Barry Berkowitz	Input only from Board Chair.
South Carolina	Ellen Adkins	Input only from Executive Director.
South Dakota	Nicole Kasin	Input from all Board Members and Executive Director
Tennessee	Wendy Garvin	Input only from Board Chair and Executive Director
Texas	William Treacy	Input only from Board Chair and Executive Director.
Utah	Robyn Barkdull	Input from some Board Members and Executive Director.
Virginia	Wade A. Jewell	Input from all Board Members and Executive Director
Wyoming	Pam Ivey	Input from all Board Members and Executive Director

10/23/17

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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. Please submit your Board's responses by December 18, 2017.

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	v

Email: *

Phone:

QUESTIONS

1. (a) Will your state be considering the new CPE Rule?

Yes

No.

(b) Do you accept Nano Learning?

Already accept.

Will discuss.

Neither

(c) Credit for Participating in a technical committee?

- Already accept.
- Will discuss.
- Neither

(d) All programs offered by your State CPA Society?

- Already accept.
- Will discuss.
- Neither

(e) Blended learning?

- Already accept.
- Will discuss.
- Neither

(f) Require 50 percent of CPE be in technical subjects?

- Already accept.
- Will discuss.
- Neither

2. (a) Would your board be interested in NASBA providing education and training on data analytics, artificial intelligence, blockchain, and other advanced technologies?

- Yes.
- No.
- Undecided.

(b) If "yes" which persons would have the greatest need for such training (choose all that apply)?

- Administrators/executive directors
- Board members
- Investigators
- Legal counsel

choose all that apply

(c) If not interested, please briefly state why.

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

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

- No.
- Yes. Please explain below.

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

- Input only from Board Chair.
- Input only from Executive Director.
- Input only from Board Chair and Executive Director.
- Input from all Board Members and Executive Director.
- Input from some Board Members and Executive Director.
- Input from all Board Members.
- Input from some Board Members.
- Other (please explain).

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