

**ADDITIONS TO AGENDA**  
**SOUTH DAKOTA BOARD OF ACCOUNTANCY**  
**BOARD MEETING,**  
**January 20, 2017**

A=Action  
D=Discussion  
I=Information

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| A-Addition to Certificate and Firm Permit.....                          | 2-3       |
| <b>NASBA</b>  |           |
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| D-Board of Directors meeting highlights January 6, 2017.....            | 12-14     |
| D-Regional Directors Focus Questions Executive Summary & Report.....    | 15-29     |
| A-Regional Directors Focus Questions.....                               | 30-31     |
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**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES  
BOARD COPY**

**Issued Through January 19, 2017**

| <b>Number</b> | <b>Name</b>              | <b>Date Issued</b> | <b>Location</b> |
|---------------|--------------------------|--------------------|-----------------|
| 3295          | Allysen Lynn Boetel      | 12/08/16           | Pierre, SD      |
| 3296          | Laura Elizabeth Peterson | 12/13/16           | Sioux Falls, SD |
| 3297          | Brent Richard Ryrholm    | 12/14/16           | Sioux Falls, SD |
| 3298          | Megan Kay Oeltjenbruns   | 12/15/16           | Sioux Falls, SD |
| 3299          | Daniel Herbert Semmler   | 12/19/16           | Yankton, SD     |
| 3300          | Brianna Marie Neuhauser  | 12/19/16           | Pierre, SD      |
| 3301          | Sarah K. Krejci          | 12/30/16           | Omaha, NE       |
| 3302          | Carrie Anne Brown        | 01/04/17           | Yankton, SD     |
| 3303          | Georgetta Ann Geidel     | 01/06/17           | Rapid City, SD  |
| 3304          | Romaine Robert Kocer     | 01/10/17           | Rapid City, SD  |
| 3305          | Brooke Gabrielle Bitker  | 01/13/17           | Sioux Falls, SD |

**FIRM PERMITS TO PRACTICE PUBLIC ACCOUNTANCY  
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**Issued Through  
January 19, 2017**

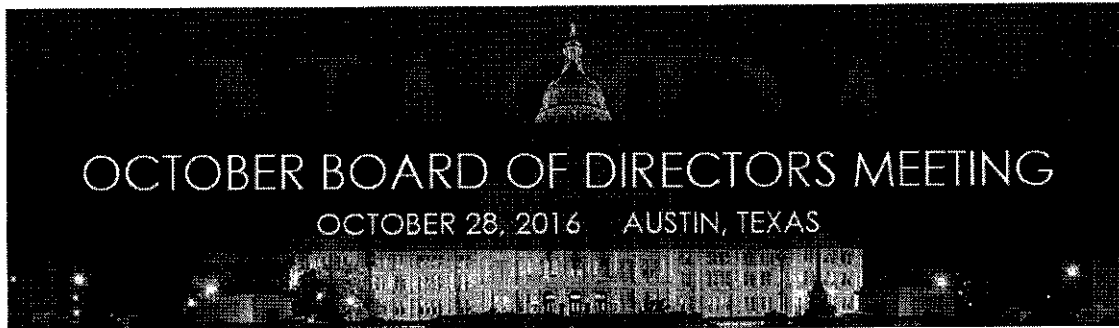
| <b>Number</b> | <b>Name</b>                               | <b>Date Issued</b> | <b>Basis/Comments</b> |
|---------------|---|--------------------|-----------------------|
| 1684          | Halse Company, PLC<br>Rock Rapids, IA     | 01/09/17           | Name Change           |
| 1685          | Hofer, Humpal & Hadler<br>Sioux Falls, SD | 01/11/17           | Name Change           |
| 1686          | Showalter & Co CPA LLC<br>Rapid City, SD  | 01/17/17           | New Firm              |

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### Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Donald H. Burkett at 9:00 a.m. on Friday, October 28, 2016 at the JW Marriott Austin in Austin, TX. He thanked J. Coalter Baker and Missy Baker for hosting the Board at their home on the previous evening. He also thanked the members of the Texas Board of Accountancy for their help with the reception.

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### Report of Attendance

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

#### Officers

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

#### Directors-at-Large

- A. Carlos Barrera, CPA (TX)
- Jimmy E. Burkes, CPA (MS)
- Tyrone E. Dickerson, CPA (VA)
- Janice L. Gray, CPA (OK)
- Raymond N. Johnson, CPA (OR) - via phone

Harry O. Parsons, CPA (NV)

Richard N. Reising, CPA (MT)

**Regional Directors**

J. Coalter Baker, CPA (TX), Southwest Regional Director

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

Stephanie S. Saunders, CPA (VA), Middle Atlantic Regional Director

John F. Dailey, Jr., CPA (NJ), Northeast Regional Director

W. Michael Fritz, CPA (OH), Great Lakes Regional Director

Sharon A. Jensen, CPA (MN), Central Regional Director

Edwin G. Jolicoeur, CPA (WA), Pacific Regional Director

**Executive Directors Committee Liaison**

James Corley (AR) – Executive Directors Committee Liaison

**Absent**

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

**Staff**

Ken L. Bishop, President and Chief Executive Officer

Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer

Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer

Louise Dratler Haberman, Vice President - Information and Research

Thomas G. Kenny, Director – Communications

Noel L. Allen, Esq., Outside Legal Counsel

**Guests**

Theodore W. Long, Jr., CPA (OH), Vice Chair Nominee

Catherine R. Allen, CPA (NY), Northeast Regional Director Nominee

Sheldon P. Holzman, CPA (IL), Great Lakes Regional Director Nominee

Nicola Neilon, CPA (NV), Mountain Regional Director Nominee

Wade A. Jewell (VA), Incoming Executive Directors' Liaison to the Board

*Chair Burkett (SC) asked those new to the Board's meeting to please introduce themselves.*

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**Approval of Minutes**

Secretary Laurie Tish (WA) presented the minutes of the Board of Directors' July 22, 2016 meeting and moved for their approval. Benjamin Steele seconded and the minutes were unanimously approved as presented.

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## Report from Chair

Chair Burkett reported the Executive Committee had met the previous day and concluded that NASBA is in very good shape. He and other NASBA leaders had attended the American Accounting Association's annual meeting and had joined with leaders of the American Institute of CPAs for a successful summit meeting since the last Board of Directors' meeting.

Mr. Burkett and President Bishop had met with the FRC in London and were joined in Edinburgh by Vice Chair Telford Lodden to meet with the Institute of Chartered Accountants of Scotland. The FRC is scheduled to meet with them again in New York City in December and the Chief Executive Officer of ICAS will meet with them again in Austin and address NASBA's 2016 Annual Meeting. Chair Burkett said he was pleased with the outcome of those meetings but believes there is still work to do.

He also reported he had been interviewed for videos for Accounting Today on topics of current importance to the profession. President Bishop added that the videos covered NASBA's efforts related to diversity.

Chair Burkett had addressed the AICPA Council meeting the previous week to update them on NASBA's activities. A video of that presentation will be placed on [www.nasba.org](http://www.nasba.org). Besides reporting on the progress of joint NASBA and the AICPA efforts, he stressed that it is acceptable for the AICPA and NASBA to disagree, as NASBA needs to do what is best for the Boards of Accountancy. He pointed out that State Board representatives are being appointed to committees of the AICPA and other professional bodies, and he asked the Board members to inform him if they are interested in being nominated by NASBA for any outside appointments.

## Report of the President

President and CEO Bishop welcomed the new Board members. He asked Executive Vice President and COO Colleen Conrad to present the summary of activities with him. They noted the following:

- The NASBA staff "family day" was held in August to include a "Nashville Sounds" baseball game following an open house of NASBA's remodeled Nashville offices. The staff now includes numerous members from outside the United States. NASBA is participating in community reinvestment as well as employee on-line training through "Think Tank" software that all employees can access. An in-house series of talks "NASBA 101: The Big Picture" has been created to help employees learn about the part they play in the association's overall operations.
- Students from the University of Tennessee in Martin were brought to visit the Nashville office to let them see what NASBA is doing.
- The new Nashville office design is working out even better than expected. In June another half floor of space will be open as the former wholly-owned subsidiary PCS will be relocating to another site.
- GASB Chairman David A. Vaudt and FAF President and Chief Executive Director Teresa S. Polley met with NASBA staff leaders in Nashville.
- NASBA has made the Boards' reliance on education accreditors a national issue. Besides a joint effort by the AICPA and NASBA to address this issue, both the AAA and the AACSB are having conferences to focus on the problem. Jan Williams has been engaged by NASBA and AICPA as a consultant to work on this project.
- Staff work continues on drafting language that could allow for the use of management accountant designations without public confusion with CPA. It is hoped this project will be completed by the end of 2016.
- Conversations continue to promote mutual recognition agreements being developed with the ICAEW and ICAS. Brexit has created an opportunity for new pathways.
- NASBA nominees have recently been appointed or reappointed to several important committees outside the Association.

- All 55 Boards of Accountancy will be represented at the 109th Annual Meeting. President Bishop credited Vice President – Board Relations Dan Dustin for his efforts to make this happen.
- NASBA's legislative tracking service has carefully monitored more than 620 pieces of legislation. Thirty-eight states have now adopted the new definition of "attest."
- The review of the Boards' enforcement procedures by NASBA for the California Board of Accountancy continues. The biggest challenge has been ensuring that a flag appears on the state's web site when there has been an enforcement measure. NASBA has provided resources to those Boards that require help to overcome issues preventing them from being substantially equivalent in this area.
- A new website focused on the NASBA National CPE Registry was launched right before the CPE Summit, which was when the new CPE Standards went into effect. The Summit was sold out this year.
- NASBA's net assets have increased from \$28.3 million in 2012 to \$45.3 million in 2016. This enables the Association to be prepared to respond to requests from the Boards. State Boards of all sizes are reaching out directly to NASBA for assistance.
- Uniform CPA Examination revenue is up as candidate volume is up and has continued to stay at that level. A drop in volume is anticipated in 2017.
- International transcript evaluations for Accountancy Boards have more than tripled in the last three years. However, it is believed that the market will be saturated, with growth leveling off, and this is being closely monitored. AEQUO activity is starting to build as Director James Suh is transitioning from NIES to be more involved in AEQUO's development. NASBA's experience verification service, which is still being promoted mainly through word-of-mouth advertising is also growing.
- There has been a tremendous momentum of schools that want to have a student chapter of the NASBA Center for the Public Trust.

President Bishop reviewed the program for the Annual Meeting and highlighted the featured speakers. He believes they will be enthusiastically received and will encourage people to attend the 2017 Annual Meeting.

### Report of the Vice Chair

Vice Chair Telford Lodden (IA) reported on how he made his committee appointments for 2016-2017. He is confident that the talent on the NASBA committees and Board of Directors will move the association forward this coming year.

### Report of the Administration and Finance Committee

Treasurer Kent Smoll (KS) reported on the September A&F Committee's meeting, where drafts of the fiscal 2016 audited financial statements and the underlying internal financial statements were discussed. He directed the Board to the management discussion and analysis in the NASBA Annual Report. He also discussed the October 27 investment committee's meeting which included separate discussions with the two investment adviser groups. Senior Vice President and CFO Michael Bryant contrasted the final results for fiscal 2016 to the projection presented at the July Board of Directors' meeting, noting that operating excess was within \$100,000, but that investment income had a positive variance of \$700,000. Mr. Smoll thanked Mr. Bryant, Director of Finance and Controller Troy Walker, and CPT's CFO Sandra Davidson for their work in support of the A&F Committee. Mr. Bryant thanked Mr. Smoll for his service to NASBA in his work as A&F Committee Chair over the prior four years.

## Report of the Audit Committee

Audit Committee Chair Jimmy Burkes (MS) reported the Audit Committee had met with management and the audit firm, LBMC, and had reviewed the draft audit reports, the final report and the SAS 115 letters. They learned that a litigation matter which NASBA had been brought into had been dismissed. LBMC had no issues and were very complimentary of CFO Michael Bryant and his staff. He referred the Board to the report of the Audit Committee in the NASBA 2016 Annual Report. He made a motion to ratify the Executive Committee's approval of the consolidated audited financial statement for 2016. Mr. Tyrone Dickerson (VA) seconded and all approved.

Mr. Burkes then called for the Board to ratify the Executive Committee's approval of the Audit Committee's recommendation of the selection of LBMC as NASBA's auditor for the coming year. Mr. Dickerson seconded. Mr. Burkes was asked by Sheldon Holzman (IL) how long LBMC had been NASBA's auditors, and he responded 19 years with partner rotation required every five years. The motion was unanimously approved.

Mr. Burkes said the Audit Committee had accomplished all that was required in its charge and under the Audit Committee Charter. In addition, the Form 990 had been made available to all the NASBA Board members prior to the meeting and after review by the Audit Committee.

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## Alerts

Compliance Assurance Committee (CAC) Chair John Dailey (NJ) reported on the survey done by the CAC in response to the AICPA's distribution to the State Boards of its proposal to alter the administration of its Peer Review Program. Thirty-six Boards participated in the survey and 18 also sent letters directly to the AICPA and copied the CAC. NASBA's response to the AICPA's paper was developed based on the Boards' input. President Bishop advised the Regional Directors that it is important for NASBA to know what the Boards want NASBA to do to assist them in dealing with the potential consolidation of the Peer Review Program's administering entities. He asked the Regional Directors to discuss this with their states. Ms. Conrad told the Board the AICPA expects to finalize their Peer Review Program's new administration model by May 2017.

Education Committee Chair Raymond Johnson (OR) reported on the meetings taking place to consider the role of the education accreditors. In addition there is discussion going on about the appropriate skill set for auditors. Data analytic and soft skills may be needed as well as traditional business skills.

Data analytics becoming more a part of the auditor's role will pose new challenges for regulators, President Bishop explained to the Board. He reviewed some of the forces moving the profession in that direction. How the State Boards will be able to regulate in this new environment is to be determined. Mr. Fritz noted that artificial intelligence is being used more by the firms and that too will be a challenge for regulators.

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## Report from the Executive Directors Committee

Executive Directors Committee Chair James Corley (AR) reported there are three issues on the minds of the State Boards' executive directors: 1- The changes to the Uniform CPA Examination bringing more questions from candidates; 2- What the UAA language to cover the management accountant designations will look like. 3- How peer review administration will evolve. There is interest in seeing how the AICPA will respond to the letters submitted in response to their peer review proposal.

The Executive Directors Committee will meet on October 30 to finalize the agenda for the March 14-16, 2017 Annual Conference for Executive Directors and Board Staff. Wade Jewell will become the chair of the Committee.



### **Report from the Uniform Accountancy Act Committee**

UAA Committee Chair Coalter Baker (TX) presented the changes recommended by the UAA Committee to UAA Section 6 (g) on recognition of holders of substantially equivalent foreign designations and to Model Rules 5-3 through 5-7 on administration of the Uniform CPA Examination. Having gone through an exposure period, followed by the UAA Committee's review of the comments received during that period, he moved for the acceptance of both changes. Ms. Tish seconded and all approved.

In September the CPE Task Force of the UAA Committee had met to discuss the Model Rules changes proposed by the CPE Committee to coordinate with the recently approved CPE Standards and Fields of Study. The AICPA/NASBA UAA Committee is expected to vote before the end of the year on the new Model Rules, with the expectation they will be brought to the NASBA Board in January for approval to expose for comment.

The UAA Committee Co-Chairs and staff held a conference call on October 25 to discuss the new proposed UAA language to cover the use of management accountant designations; however, some questions still need to be worked through. Mr. Baker reported the drafting continues.

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### **Report on the CBT Administration Committee**

CBT Administration Committee Chair Richard Reisig (MT) said a panel discussion would take place at the Annual Meeting to talk about what the State Boards need to be aware of with the revised examination. He also mentioned several test administration matters that are under discussion.

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### **Report of the Education Committee**

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

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

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### **Report on International Qualifications Appraisal Board**

IQAB Chair Telford Lodden reported the renewal process for the mutual recognition agreement with CPA Canada and the Instituto Mexicano de Contadores Públicos has been difficult. It has not gone as quickly as had been predicted. He asked for an extension to April 30, 2017 for the agreement. Mr. Parsons seconded and all approved.

Although the unilateral is now an option with the just approved UAA language, mutual recognition agreements are still the preferred method of recognition, Mr. Lodden explained. The unilateral pathway gives the Boards a way to bring qualified professionals under their regulation without reciprocal recognition, but it is hoped these pathways will encourage other countries to want to reciprocate.

President Bishop noted there is a disagreement in legal opinion on Irish law which is holding up the renewal with the Chartered Accountants of Ireland. The FRC has indicated that because of the mandatory rotation in the EU, they would like to see MRAs develop.

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### Thanks to Retiring Board Members

Chair Burkett thanked those who would be retiring from the Board for their service: Walter Davenport, Michael Fritz, Harry Parsons, Ben Steele and Jimmy Corley.

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### Adjournment

The meeting was adjourned at 2:24 p.m.



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### Call to Order

A meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Telford A. Lodden (IA) at 11:35 a.m. on Tuesday, November 1, 2016 at the JW Marriott Austin in Austin, TX.

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### 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

#### Directors-at-Large

A. Carlos Barrera, CPA (TX)  
Jimmy E. Burkes, CPA (MS)  
John F. Dailey, Jr., CPA (NJ)  
Tyrone E. Dickerson, CPA (VA)  
Janice L. Gray, CPA (OK)  
Richard N. Reisig, CPA (MT)  
E. Kent Smoll, CPA (KS)

Laurie J. Tish, CPA (WA)

Regional Directors

Catherine R. Allen (NY), Northeast Regional Director

J. Coalter Baker, CPA (TX), Southwest Regional Director

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

Sheldon P. Holzman, CPA (IL), Great Lakes 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

Stephanie S. Saunders, CPA (VA), Middle Atlantic Regional Director

Executive Directors Committee Liaison

Wade A. Jewell (VA)

Member Absent

Raymond N. Johnson, CPA (OR), Director-at-Large

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

Noel L. Allen, Esq., Outside Legal Counsel

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**Election of Officers**

Following an explanation of the election process by NASBA Chair Telford Lodden, the 2016-17 NASBA Board of Directors took the following actions:

- The Board unanimously elected A. Carlos Barrera (TX) as NASBA Treasurer.
- The Board unanimously elected Janice L. Gray (OK) as NASBA Secretary.

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**Adjournment**

Chair Lodden adjourned the meeting at 11: 50 a.m.

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### Highlights of the Board of Directors Meeting January 6, 2017 – Manalapan, FL

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, January 6, 2017 at the Eau Palm Beach Resort in Manalapan, Florida, the Board took the following actions:

- Approved for exposure Model Rules for continuing professional education and non-substantive updating changes to the Uniform Accountancy Act as presented by UAA Committee Chair J. Coalter Baker (TX). The comment period will end on April 17, 2017.
- Approved the November NASBA financial statements as recommended by the Administration and Finance Committee and presented by Treasurer A. Carlos Barrera (TX).
- Received a summary from Chair Telford A. Lodden (IA) of his NASBA activities during the past quarter. These included listening to the meetings of several NASBA committees, meeting with representatives of the UK's Financial Reporting Council and attendance at the meeting of the Accountancy Board of Ohio. He praised the NASBA committees' work and urged them on to accomplish their missions expeditiously. Chair Lodden is preparing with President Ken L. Bishop for the February leadership summit with the AICPA.
- Learned from President and CEO Ken Bishop that the design stage is underway for the 8th floor of NASBA's Nashville headquarters. NASBA will take possession of the space on June 1 when the sublease to its equity affiliate ends. Updates were provided on the Gateway rewrite and the CPE Audit Tool, two major development-stage IT projects.
- Congratulated Director-at-Large Richard N. Reisig (MT) on his being selected to be a member of the Financial Accounting Standards Board's Private Company Council.

- Heard from NASBA Executive Vice President and COO Colleen K. Conrad that NASBA, in conjunction with the AICPA, has started research into why some CPA candidates cease to take the Uniform CPA Examination. Focus group discussions are taking place and results of the study are expected this fall. Other CPA pipeline projects are also underway.
- Learned from Client Services Director Patricia Hartman of the many outreach efforts her staff has been engaged in this year in preparation for the April launch of the next version of the Uniform CPA Examination. This included meeting with State Boards and Societies, attending the Review Course Providers Annual Meeting and hosting NASBA U. They have set up a Facebook Chat for candidates, posted on social media and held webinars with additional ones scheduled for February. There was a 13 percent increase in calls handled this year.
- Heard a summary from Compliance Assurance Committee Chair John F. Dailey, Jr. (NJ) of the AICPA's responses to the 55 comment letters they received from State Boards and others on the proposed changes to the administration of the Peer Review Program. The CAC is studying and will be responding to the revised AICPA proposal released in January.
- Were updated by UAA Committee Chair Coalter Baker on the development of potential language to amend the UAA and permit usage of management accounting titles. The proposed language is not yet ready for exposure for comment.
- Learned from Standard Setting Advisory Committee Chair Catherine R. Allen (NY) that her group has been tasked with considering the application of advances in technology and data analytics to the audit from the State Board's enforcement perspective. These evolutionary changes will be impacting firms of all sizes.
- Heard from Executive Vice President Conrad that the NASBA CPE Sponsor Registry approved its first nano learning sponsor in December 2016. The Registry now includes almost 2,200 sponsors.
- Were advised by Education Committee Chair Raymond N. Johnson (OR) that another meeting with accreditors is scheduled for February 3. Talks are going on with the AACSB to develop an accreditation model that more fully engages the accounting profession.
- Learned from Relations with Member Boards Committee Chair Stephanie S. Saunders (VA) that program planning has started for the June 2017 Regional Meetings, to be held June 6-8 in Coeur D'Alene, ID, and June 27-29 in Newport, RI. The use of data analytics in auditing will be one of the major topics of discussion.
- Were briefed by NASBA/AICPA International Qualifications Appraisal Board Chair Sharon A. Jensen (MN) on the ongoing communications to renew existing mutual recognition agreements with CPA Canada, Instituto Mexicano de Contadores Publicos and Chartered Accountants of Australia and New Zealand. These renewals are expected to be completed in the next few months.
- Heard a report from Wade Jewell (VA), Chair of the Executive Directors Committee on the agenda for the March 14-16 Executive Directors and Board Staff Conference. Major topics to be considered include the Peer Review Program's administration, use of titles and the impact of the Supreme Court's decision in the North Carolina Dental

Board case.

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The next meeting of the NASBA Board of Directors will be held on April 21, 2017 in Destin, Florida.

*Distribution: State Board Chairs/President, Members and Executive Directors*

*NASBA Board of Directors, Committee Chairs and Staff Directors*

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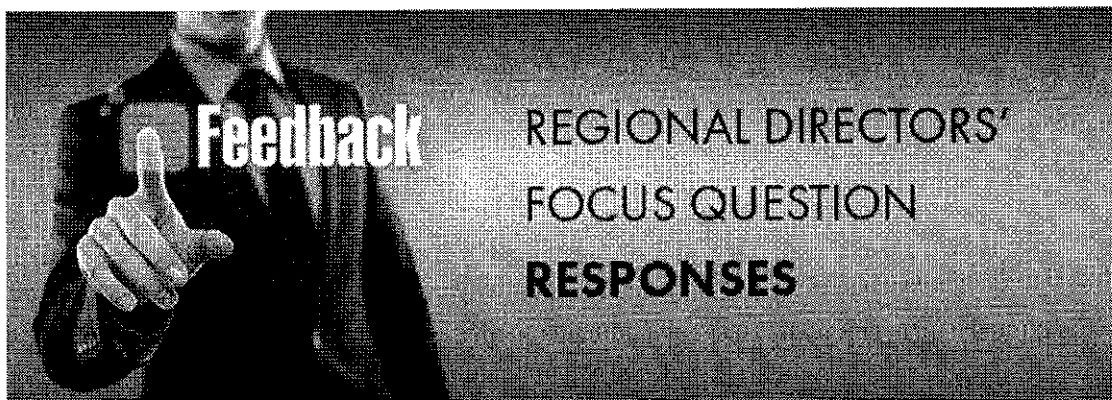
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**Executive Summary  
November – December 2016  
Regional Directors' Focus Question Responses  
28 Boards Responding**

*(AK, CA, CO, DE, DC, GU, ID, IL BOE, IL DFPR, IN, LA, MD, MI, MS, MT, NC, NE, NV, NM, OH, OK, OR, SD, TN, VT, VA, WA, WY)*

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

Yes: 4

No: 24

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

(a) We are just awaiting the language being proposed by NASBA and AICPA. 2

(b) We believe our existing language does not need to be modified to permit the use of management accounting designations. 2

(c) We have already modified our language. 0

(d) We will wait to see how other Boards handle this issue. 5

(e) It is not high on our legislative wish list. 2

(f) We are not going to permit the use of such designations. 6

(g) We have not yet discussed this issue. 8

(h) Other (please explain below):

**IL BOE** – Defer to IL DFPR;

**MS** – Accountancy Statutes prohibit use of such designations by persons not licensed CPAs;

**WA** – We have only briefly discussed and mood ranges from mild concern to questions.

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

As soon as IQAB makes each recommendation, we will consider implementing it. 6

We will approve all of IQAB's recommendations. 0

We will only consider mutual recognition agreements. 3

Will require more Board discussion. 14

Other (please explain below).

**CA, NC** – The Board has not discussed this issue.

**IL DFPR** – Defer to IL BOE.

**WA** – Entered into preliminary discussions with Canadian British Columbia and Alberta accounting regulators re: cross border work.

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

Yes: 14 No: 5 Maybe: 8

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

**IN** – Allowing ethics CPE requirement to be fulfilled via volunteer experience in ethics related setting.

**ME** – Governor implemented hiring freeze and travel restrictions.

**WA** – Other Boards would be interested in Washington's discussion with Canadian authorities.

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

**NM** – Need assistance with getting laws changed.

**WY** – Requests NASBA leadership consider licensing management software as product available to Member Boards.

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**For details, see Regional Directors' Focus Question Report.**

**VIEW THE REGIONAL DIRECTORS' FOCUS QUESTION REPORT**



## **NASBA REGIONAL DIRECTORS REPORT**

The following is a summary of the written responses to focus questions gathered from the member Boards by NASBA's Regional Directors between November 7 and December 5, 2016. 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. Colter 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*

| BOARD/AFFILIATION   | NAME                           | QUESTION 1. In the 2016 election, did your state vote for any measure that will impact your Accountancy Board?   |
|---|--------------------------------|--|
| Alaska  | Cori Hondolero                 | No.  |
| California  | Aaron Bone                     | Yes. Proposition 64 was approved by state voters and legalized the cultivation, possession, and use of marijuana for recreational purposes under California state law. Because marijuana is generally illegal under federal law, CPAs licensed or practicing in California may seek guidance from the CBA regarding the legality and ethics of providing accounting services to individuals and businesses engaged in a marijuana related industry.  |
| Colorado  | Ofelia Duran                   | No.  |
| Delaware  | Kathy Schultz                  | No.  |
| District of Columbia  | Grace Yeboah<br>Ofori          | No.  |
| Guam  | Dave Sanford                   | No.  |
| Idaho   | Kent Absec                     | Yes. The Constitution of the State of Idaho was amended by the addition of a new Section 29, to provide that the Legislature may review any administrative rule to ensure it is consistent with the legislative intent of the statute that the rule was written to interpret, prescribe, implement or enforce; to provide that, after review, the Legislature may approve or reject, in whole or in part, any rule as provided by law; and to provide that legislative approval or rejection of a rule is not subject to gubernatorial veto under Section 10, Article IV, of the Constitution of the State of Idaho? |
| Illinois Board of Examiners<br>Illinois Dept. of Financial<br>and Professional Regulation | Sheldon Holzman<br>Katy Straub | No.<br>No.   |
| Indiana   | John Kane                      | No.  |
| Louisiana   | Darla Saux                     | No.  |
| Maryland  | Arthur Flach                   | No.  |
| Michigan  | Mathew Howell                  | No.  |
| Mississippi   | Ransom Jones                   | No.  |
| Montana   | Grace Berger                   | Yes. Medical marijuana passed again, but we'll have to see how it stands after the legislative session.  |
| Nebraska  | Dan Sweetwood                  | No.  |
| Nevada  | Viki Windfeldt                 | No.  |
| New Mexico  | Jeanette Contreras             | No.  |
| North Carolina  | Robert N. Brooks               | No.  |

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|--------------|--------------------|---|
| Ohio         | Donna Oklok        | No.   |
| Oklahoma     | Randy Ross         | No.   |
| Oregon       | Martin Pittioni    | No.   |
| South Dakota | Nicole Kasin       | No.   |
| Tennessee    | Wendy Garvin       | No.   |
| Vermont      | Joshua Parlow      | No.   |
| Virginia     | Wade Jewell        | No.   |
| Washington   | Charles Satterlund | Yes. Earlier in the year we implemented firm mobility through changes to RCW 18.04.195. |
| Wyoming      | Pamela Ivey        | No.   |

| BOARD/AFFILIATION                                       | NAME               | QUESTION 2. Do you believe your Board will soon be interested in considering uniform language allowing for the use of management accounting designations?  |
|---|--------------------|--|
| Alaska  | Cori Hondolero     | We are not going to permit the use of such designations.   |
| California  | Aaron Bone         | We have not yet discussed this issue.  |
| Colorado  | Ofelia Duran       | The Board is aware that matter may require a change to the statute. Here is the statutory language that addresses the use of titles:<br><i>(b) Except as authorized by subsection (1) or (4) of this section, an individual, partnership, professional corporation, or limited liability company shall not assume or use any title or designation using the word "certified"; "registered"; "chartered"; "enrolled"; "licensed"; "independent"; or "approved" in conjunction with the word "accountant" or "auditor" or any abbreviation thereof or any title, designation, or abbreviation likely to be confused with "certified public accountant" or the abbreviation "C.P.A.", including the terms "chartered accountant" and "certified accountant" and the abbreviation "C.A."</i> |
| Delaware  | Kathy Schultz      | We have not yet discussed this issue.  |
| District of Columbia                                    | Grace Yeboah Ofori | We are not going to permit the use of such designations.   |
| Guam  | Dave Sanford       | We are not going to permit the use of such designations.   |
| Idaho   | Kent Absec         | It is not high on our legislative wish list.   |
| Illinois Board of Examiners                             | Sheldon Holzman    | We will let the ICPAS and the Illinois Department of Financial and Professional Regulation work on this matter.  |
| Illinois Dept. of Financial and Professional Regulation | Katy Straub        | We believe our existing language does not need to be modified to permit the use of management accounting designations.   |
| Indiana   | John Kane          | We have not yet discussed this issue.  |
| Louisiana   | Darla Saux         | It is not high on our legislative wish list.   |
| Maryland  | Arthur Flach       | We have not yet discussed this issue.  |
| Michigan  | Mathew Howell      | We will wait to see how other Boards handle this issue.  |
| Mississippi   | Ransom Jones       | Current Mississippi Accountancy Statutes prohibit the use in this state of such designations by persons who are not licensed Certified Public Accountants, and the Board intends to enforce such statutes.   |
| Montana   | Grace Berger       | We will wait to see how other Boards handle this issue.  |
| Nebraska  | Dan Sweetwood      | We have not yet discussed this issue.  |
| Nevada  | Viki Windfeldt     | We have not yet discussed this issue.  |
| New Mexico  | Jeanette Contreras | We have not yet discussed this issue.  |

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|----------------|--------------------|--|
| North Carolina | Robert N. Brooks   | CPAs in North Carolina are not prohibited from using the CGMA designation regardless of his or her occupation. Non-CPAs in North Carolina are prohibited from using the CGMA designation if they are in the public practice of accounting. Non-CPAs in business, industry, education and government are permitted to use the CGMA designation.   |
| Ohio           | Donna Oklok        | We will wait to see how other Boards handle this issue.  |
| Oklahoma       | Randy Ross         | We are not going to permit the use of such designations.   |
| Oregon         | Martin Pittioni    | The Oregon Board has been briefed on the topic, and has not specifically discussed the issue of whether or not it should or would seek a change in statutory language. The Oregon Board discussion was not focused on waiting for any UAA language changes. I would rate the Oregon Board probably closest to response (d). We will wait to see how other Boards handle this issue.  |
| South Dakota   | Nicole Kasin       | We select options (a) We are just awaiting the language being proposed by NASBA and the AICPA; (d) We believe our existing language does not need to be modified to permit the use of management accounting designations; and (f) We are not going to permit the use of such designations.   |
| Tennessee      | Wendy Garvin       | We are not going to permit the use of such designations.   |
| Vermont        | Joshua Partlow     | We are just awaiting the language being proposed by NASBA and the AICPA.   |
| Virginia       | Wade Jewell        | We believe our existing language does not need to be modified to permit the use of management accounting designations. At this time, our statutes/regulations do not prohibit the use of titles, other than CPA, Certified Public Accountant, or Public Accountant, without an active CPA license. Whether or not consideration is given to uniform language in the future has yet to be discussed.  |
| Washington     | Charles Satterlund | We have only briefly discussed this issue and the mood seems to range from mild concern to questions about how this differs from an individual who holds a title such as CMA. I personally feel that a violation would have to be substantiated by facts. A person using CGMA while working for a private company as a CFO would not concern me, but that would change if they hung out a shingle and undertook work that falls within our definition of public accounting. I am not certain that we need to add language to our statutes to deal with this but we will see how the discussion progresses. |
| Wyoming        | Pamela Ivey        | We have not yet discussed this issue.  |

| BOARD/AFFILIATION                                       | NAME               | QUESTION 3(A). Now that the need for reciprocal recognition is being removed from the DAA, do you think your Board would be ready to recognize non-US auditors with credentials found to be substantially equivalent to the CPA's by the NASBA/AICPA International Qualifications Appraisal Board (IQAB)?  |
|---|--------------------|--|
| Alaska  | Cori Hondolero     | Will require more Board discussion.  |
| California  | Aaron Bone         | <p>Currently, the California Board of Accountancy's Accountancy Act states that an applicant for a license as a certified public accountant may be deemed by the Board to have met certain examination requirements if the applicant satisfies all of the following requirements:</p> <p>(a) The applicant is licensed or has comparable authority under the laws of any country to engage in the practice of public accountancy.</p> <p>(b) The International Qualifications Appraisal Board jointly established by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants has determined that the standards under which the applicant was licensed or under which the applicant secured comparable authority meet its standards for admission to the International Qualification Examination (IQEX).</p> <p>(c) The applicant has successfully passed the IQEX referenced in subdivision (b) above.</p> <p>The California Board of Accountancy has not yet discussed this issue. A change in the California Board of Accountancy regulations may be necessary.</p> |
| Colorado  | Ofelia Duran       | Will require more Board discussion.  |
| Delaware  | Kathy Schultz      | Will require more Board discussion.  |
| District of Columbia                                    | Grace Yeboah Ofori | We will only consider mutual recognition agreements.   |
| Idaho   | Kent Absec         | Will require more Board discussion.  |
| Illinois Board of Examiners                             | Sheldon Holzman    | We will let the ICPAS and the Illinois Department of Financial and Professional Regulation work on this matter.  |
| Illinois Dept. of Financial and Professional Regulation | Katy Straub        | Will require more Board discussion.  |
| Indiana   | John Kane          | Will require more Board discussion.  |
| Louisiana   | Darla Saux         | Will require more Board discussion.  |
| Maryland  | Arthur Flach       | We will only consider mutual recognition agreements.   |
| Michigan  | Matthew Howell     | As soon as IQAB makes each recommendation, we will consider implementing it.   |
| Mississippi   | Ransom Jones       | Will require more Board discussion.  |
| Montana   | Grace Berger       | Will require more Board discussion.  |

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|----------------|--------------------|---|
| Nebraska       | Dan Sweetwood      | As soon as IQAB makes each recommendation, we will consider implementing it. We will need to review the current Nebraska Public Accountancy Act to explore our reciprocal options.  |
| Nevada         | Viki Windfeldt     | As soon as IQAB makes each recommendation, we will consider implementing it.  |
| New Mexico     | Jeanette Contreras | As soon as IQAB makes each recommendation, we will consider implementing it.  |
| North Carolina | Robert N. Brooks   | Our statutes require the Board to have a mutual recognition agreement with each entity. We have not had a discussion on this issue but will be looking at it in 2017.   |
| Ohio           | Donna Oklok        | As soon as IQAB makes each recommendation, we will consider implementing it.  |
| Oklahoma       | Randy Ross         | Will require more Board discussion.   |
| Oregon         | Martin Pittoni     | Will require more Board discussion.   |
| South Dakota   | Nicole Kasin       | Will require more Board discussion.   |
| Tennessee      | Wendy Garvin       | As soon as IQAB makes each recommendation, we will consider implementing it.  |
| Vermont        | Josh Partlow       | Will require more Board discussion.   |
| Washington     | Charles Satterlund | We have entered into preliminary discussions with Canadian British Columbia and Alberta accounting regulators to discuss the possibility of allowing cross border work in some circumstances. This discussion is just beginning and we hope to propose legislation during our 2018 cycle. |
| Virginia       | Wade Jewell        | Will require more Board discussion.   |
| Wyoming        | Pamela Ivey        | We will only consider mutual recognition agreements.  |

| BOARD/AFFILIATION                                       | NAME                  | QUESTION 3(B). Will your Board need to amend its laws for this unilateral pathway? |
|---|-----------------------|--|
| Alaska  | Cori Hondolero        | Yes.   |
| California  | Aaron Bone            | Maybe.   |
| Colorado  | Ofelia Duran          | No.  |
| Delaware  | Kathy Schultz         | No.  |
| District of Columbia                                    | Grace Yeboah<br>Ofori | No.  |
| Guam  | Dave Sanford          | Yes.   |
| Idaho   | Kent Absec            | Yes.   |
| Illinois Board of Examiners                             | Sheldon Holzman       | Maybe.   |
| Illinois Dept. of Financial and Professional Regulation | Katy Straub           | Yes.   |
| Indiana   | John Kane             | Maybe.   |
| Louisiana   | Darla Saux            | Maybe  |
| Maryland  | Arthur Flach          | Yes.   |
| Michigan  | Matthew Howell        | Yes.   |
| Mississippi   | Ransom Jones          | Yes.   |
| Montana   | Grace Berger          | Maybe.   |
| Nebraska  | Dan Sweetwood         | Maybe.   |
| Nevada  | Viki Windfeldt        | Maybe.   |
| New Mexico  | Jeanette Contreras    | Yes.   |
| North Carolina  | Robert N. Brooks      | Yes  |
| Ohio  | Donna Oklok           | No.  |
| Oklahoma  | Randy Ross            | Yes.   |
| Oregon  | Martin Pittioni       | Yes.   |
| South Dakota  | Nicole Casin          | Yes  |
| Tennessee   | Wendy Garvin          | Yes.   |
| Vermont   | Josh Partlow          | Yes.   |
| Virginia  | Wade Jewell           | Maybe.   |
| Washington  | Charles Satterlund    | Yes.   |
| Wyoming   | Pamela Ivey           | No.  |



| BOARD/AFFILIATION    | NAME               | QUESTION 4 What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?   |
|----------------------|--------------------|---|
| Alaska               | Cori Hondolero     | Travel continues to be an issue; it is likely the Board will need to request scholarship help from NASBA to ensure participation/attendance.  |
| California           | Aaron Bone         | <ul style="list-style-type: none"> <li>- In July 2016, the California Board of Accountancy adopted regulations to require prescribed CE for licensees who perform preparation engagements as their highest level of service. It is anticipated that the regulations will be finalized in 2017.</li> <li>- In November 2016, the California Board of Accountancy reviewed the newly adopted Statement on Standards for Continuing Professional Education Programs and will be considering changes to California Board of Accountancy Regulations to incorporate nano-learning, blended learning, and the one-fifth credit program measurement.</li> <li>- Effective January 1, 2017, the current 10-semester unit ethics study educational requirement for CPA licensure will change to: (1) include a minimum of three semester or four quarter units in courses devoted to accounting ethics or accountants' professional responsibilities; (2) require units to come from courses in specified subjects relating to ethics (previous language required specified terms in the course title).</li> </ul> |
| Colorado             | Ofelia Duran       | Ofelia Duran will no longer have management responsibility for the Board of Accountancy in the New Year. Complete details are not known and will be shared as soon as they are known.   |
| District of Columbia | Grace Yeboah Ofori | The District of Columbia Board appeared before the District of Columbia City Council on October 19, 2016, to testify in support of its recent changes to the Chapter 28, Title 47, District of Columbia Uniform Accountancy Act. The proposed language appears under the Accountancy Practice Act of 2015 – focusing on defining “attestation”; residency eligibility requirements; clarification of CPA firm attestation requirements; illumination of outdated permit provisions; expands disciplinary action authority.” The Council will have a final vote on the bill on December 2, 2016.   |
| Guam                 | Dave Sanford       | We hope to have adopted mobility by the end of 2016. Our pending legislation has completed the public hearing process without issue.  |
| Idaho                | Kent Absec         | The Idaho Board of Accountancy is clarifying 54-219(f) to make clear that the Board is permitted to consider a licensee or proposed licensee’s conviction of or a guilty plea to any crime involving moral turpitude, an element of which is dishonesty or fraud, under the laws of any state or country, even where the licensee or proposed licensee has obtained a withheld judgment or other order or decree of expungement. This piece of legislation will go before the 2017 Idaho Legislature and is being sponsored by the ISCPA.   |

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| Illinois Board of Examiners                             | Sheldon Holzman    | Asking the legislature to add a permanent position to the IDFPF that is a CPA Coordinator and the position has to be filled by a CPA.  |
| Illinois Dept. of Financial and Professional Regulation | Katy Straub        | The Illinois Department of Financial and Professional Regulation continues to support the enactment of firm mobility legislation in Illinois.  |
| Indiana   | John Kane          | We now allow our four hour Ethics CPE requirement to be fulfilled in the traditional class setting, competence based learning, or via volunteer experience in an ethics related setting (i.e.: AICPA Ethics Committee, State Society Ethics Committee, NASBA Ethics Committee, etc.)   |
| Louisiana   | Darla Saux         | We are in the middle of revising our Rules to align with Statute changes adopted in the summer. It's a priority on a long list of to-do items.   |
| Maryland  | Arthur Flach       | We are looking at the North Carolina Dental case and the impact on Board member liability.   |
| Mississippi   | Ransom Jones       | The State Legislature is currently discussing potential legislation which might result in consolidation and/or privatization of boards and commissions.  |
| Nebraska  | Dan Sweetwood      | The Governor implemented a hiring freeze and travel restrictions due to weak revenue projections. The Legislature goes into session after the first of the year and will need to address agency budget requests. The Board's budget has been submitted for review.   |
| New Mexico  | Jeanette Contreras | We are reaching out to accounting students by presenting information regarding the new CPA Exam at two New Mexico Universities. The presentations will take place in February 2017.  |
| Ohio  | Donna Oklok        | Currently, the Board is discussing changing our rules to require completion of 150 semester hours prior to sitting for the CPA Exam, and increasing the required hours of CPE for those returning to practicing status when they have been non-practicing for more than five years.  |
| Oklahoma  | Randy Ross         | The budget deficit will be significant in Oklahoma. This will drive further proposals for consolidations. There is a current study underway to prohibit agencies from issuing a license due to any felony conviction.  |
| Oregon  | Martin Pittoni     | Significant rules updates are going into effect on January 1, 2017, with focus on clarifying inactive and retired status scope, ending the ability in peer review to opt out of FSBA, and significantly expanding reporting requirements for licensees and firms related to lawsuits, settlements and arbitrations. The proposed Governor's budget for 2017-19 upgrades both investigator positions to require a CPA credential. |
| Vermont   | Josh Partlow       | We are in process of updating our rules and statute in line with the Model Rules. Primarily, this impacts the CPE and Peer Review area as well as the definitions (attest). As part of that process we are also proposing a requirement for a SSN at application and a requirement of an assertion at application that the candidate intends to practice in Vermont.   |

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| Washington | Charles Satterlund | I would say that other boards would be interested in the direction of our discussion with Canadian authorities. We are also kicking around ideas for incorporating the new CPE standards to allow for nano-learning.   |
| Wyoming    | Pamela Ivey        | <ul style="list-style-type: none"> <li>- The Wyoming Society of CPAs is working with a State Senator to introduce two bills during the upcoming legislative session. One bill would address the definition of attest to align the Board's Practice Act language with the UAA. The other bill would provide Examination candidates the opportunity to qualify to sit for the Examination after having earned a bachelor's degree. There is no plan to reduce the minimum education requirement for issuance of an original certificate in this state.</li> <li>- The staff has struggled with a licensing software vendor for over a year to design and implement a new system with the goal of enhancing efficiency for the Board staff and improve the certificate and firm permit holder experience. For a variety of reasons, the Board accepted the staff's recommendation to terminate its contract with the vendor and cut its losses. The staff is "shopping" for alternative solutions/vendors.</li> <li>- Off and on, the Board has addressed potential modifications to its Rules; however, no formal action has been taken to adopt changes and launch the Rules promulgation process.</li> </ul> |

| BOARD/AFFILIATION                                       | NAME               | QUESTION 5. Can NASBA be of any Assistance to your Board at this time?  |
|---|--------------------|---|
| California  | Aaron Bone         | Yes. The California Board of Accountancy will be performing outreach regarding the changes to the ethics study requirements, and other law changes taking effect in 2017, via social media and email marketing. The California Board would appreciate any assistance NASBA can offer in sharing its messages to other State Boards of Accountancy, out-of-state applicants, and licensees.  |
| Colorado  | Ofelia Duran       | Yes. Colorado is still interested in the CPE Tracking Tool.   |
| Guam  | Dave Sanford       | Yes. Discourage CPA Exam administration in China, India and Korea.  |
| Hawaii  | Cori Hondolero     | See response to question 5 above.   |
| Illinois Dept. of Financial and Professional Regulation | Katy Straub        | Yes. Thank you for NASBA's communications regarding its CPE Audit Service tool. We look forward to updates as its development continues.  |
| Indiana   | John Kane          | It may be helpful for Indiana to use some communications resources (i.e.: newsletter assistance, web video assistance, etc.) as well as explore CPE tracking resources.   |
| Nebraska  | Dan Sweetwood      | Yes. It is hoped NASBA will continue to review options and assist Board's with IT needs.  |
| New Mexico  | Jeanette Contreras | Yes. We can use assistance with getting laws changed.   |
| Oregon  | Martin Pittoni     | Yes. We are working with Pat Hartman on additional training for new staff in our licensing unit.  |
| Virginia  | Wade Jewell        | Continued assistance with Videos.   |
| Washington  | Charles Satterlund | Yes. NASBA representatives are also involved in our discussions with Canadian authorities.  |
| Wyoming   | Pamela Ivey        | Yes. The Wyoming Board respectfully asks that NASBA leadership please consider offering licensing management software as a product available to its member Boards. There are a handful of State Boards that may be in a position to consider contracting with NASBA for access to a licensing management system. This request should not be interpreted that Boards would expect to be provided the service free of charge. The Boards would expect to pay for the service. NASBA has a reputation for providing excellent products and services and a handful of State Boards feel that NASBA would provide a good product given its understanding of the mission of State Boards and the activities we all execute in the universal interest of public protection. The Wyoming Board staff is open to a conversation to discuss specifics with NASBA leadership at any time. Thank you. |

| BOARD/AFFILIATION                                       | NAME                  | QUESTION 6. NASBA Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? |
|---|-----------------------|--|
| Alaska  | Cori Hondolero        | Input only from Board Chair and Executive Director.  |
| California  | Aaron Bone            | Input only from Executive Director.  |
| Colorado  | Ofelia Duran          | Input from all Board Members and Executive Director.   |
| Delaware  | Kathy Schultz         | Input only from Board Chair.   |
| District of Columbia                                    | Grace Yeboah<br>Ofori | Input only from Board Chair and Executive Director   |
| Guam  | Dave Sanford          | Input from all Board Members and Executive Director.   |
| Idaho   | Kent Absec            | Input from some Board Members and Executive Director.  |
| Illinois Board of Examiners                             | Sheldon Holzman       | Input only from Board Chair.   |
| Illinois Dept. of Financial and Professional Regulation | Katy Straub           | Input only from Board Chair and Executive Director.  |
| Indiana   | John Kane             | Input only from Board Chair and Executive Director.  |
| Louisiana   | Darla Saux            | Input only from Executive Director.  |
| Maryland  | Arthur Flach          | Input only from Board Chair and Executive Director.  |
| Michigan  | Matthew Howell        | Input from some Board Members and Executive Director.  |
| Mississippi   | Ransom Jones          | Input from all Board Members, the Executive Director and the Associate Director.   |
| Montana   | Grace Berger          | Input only from Executive Director.  |
| Nebraska  | Dan Sweetwood         | Input only from 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  |
| Ohio  | Donna Oklok           | Input only from Executive Director, Assistant Director, and Investigative Supervisor   |
| Oklahoma  | Randy Ross            | Input from all Board Members and Executive Director.   |
| Oregon  | Martin Pittioni       | 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   |
| Vermont   | Josh Partlow          | Input from all Board Members and Executive Director.   |
| Virginia  | Wade Jewell           | Input from all Board Members and Executive Director  |
| Washington  | Charles Satterlund    | Input only from Executive Director.  |
| Wyoming   | Pamela Ivey           | Input from all Board Members and Executive Director.   |

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## REGIONAL DIRECTORS' FOCUS QUESTIONS

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

*The input received from our Focus Questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next Board meeting to allow for sufficient time for discussion. Only one set of responses should be submitted per Board. Please submit your Board's responses by April 10, 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

Email: \*

Phone:

### QUESTIONS

1. How would your Board acquire the expertise necessary to investigate an audit failure involving analytics?

2. What type of training does your Board require investigators to undergo?

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3. In brief, what are your Board's thoughts on the revised AICPA paper on administering the Peer Review Program?

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

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

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

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

6. If you answered Other, please explain below:

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Submit

**Approved for exposure for comment by NASBA Board of Directors  
On January 6, 2017**

**Comment deadline: April 17, 2017  
Send comments to [lhaberman@nasba.org](mailto:lhaberman@nasba.org)**

**Draft Model Rules for Continuing Professional Education (CPE)  
as approved by the UAA Committee on December 20, 2016**

**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 and improve their professional competence.

**Rule 3-5 - CPE reporting period.**

A “CPE reporting period” is the period of time as to which a licensee 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 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.

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

“Non-technical fields of study” are subjects that contribute to 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.

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

**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 of the certificate or registration.**

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

- (a) An applicant seeking renewal of a certificate, registration or license 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 qualifying CPE during the CPE reporting period that averages no fewer than forty (40) credits of qualified CPE, including an average of two (2) credits of qualifying ethics CPE, for each annual period included in the CPE reporting period; and

- (2) Completion of a minimum of twenty (20) credits of qualifying CPE during each annual period included in the CPE reporting period.
- (3) 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 of the licensee's professional competence.

(b) A person who obtains a certificate, registration or license 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, registration or license was obtained. There is no provision for carry-over from an annual period in which CPE was not required.

(c) An applicant whose certificate, registration or license has lapsed or has been suspended shall 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 or registration has lapsed or has been suspended shall 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 an exception from the competency requirement 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) 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.

(f) For a certificate, registration or license that has been lapsed, suspended or inactive 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.

**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 AICPA and 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.

- (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, and is in a qualifying subject area as set forth in Rule 6-4 (a) above;

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 professional competence.
- (4) A group learning activity that is coordinated and presented by a person, firm, association, corporation or group, other than a qualifying learning 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.

- (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 accounting or tax compliance.

(b) The following are deemed to be qualifying CPE program sponsors:

- (1) The AICPA and state CPA societies;
- (2) 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;
- (3) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors; and
- (4) Persons, firms, associations, corporations or other groups that are recognized 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 learning 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 party. 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) 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.

For non-credit courses, CPE credit shall equal actual time in class.

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. 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).

**(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.**

Not within scope of this task force's project.

**Rule 6-9 – Interstate practice.**

Not within scope of this task force's project.

**Rule 6-10 – International reciprocity.**

Not within scope of this task force's project.

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

Not within scope of this task force's project.