

South Dakota State Board of Accountancy

PUBLIC INFORMATION NEWSLETTER
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NATIONAL/SD COMPUTERIZED UNIFORM CPA PASS RATE EXAM STATISTICS

2004	Apr/May	July/Aug	Oct/Nov	Cum
Audit	48/21	43/46	39/38	43/35
BEC	44/29	45/46	45/36	45/37
FAR	47/46	44/88	38/20	43/51
REG	47/71	42/44	35/	41/38

The above statistics represent one-hundred nineteen candidates sitting for one-hundred and forty-six parts.

2005	Jan/Feb	Apr/May	July/Aug	Oct/Nov	Cum
Audit	40/58	46/58	45/43	43/37	44/49
BEC	43/0	43/58	49/50	42/19	44/41
FAR	36/20	44/57	48/62	42/38	42/44
REG	35/16	42/30	43/36	40/23	40/26

The above statistics represent one-hundred eighty-five candidates sitting for two-hundred and thirty-nine parts.

WHAT'S NEW IN REGULATION

Effective April 30, 2006 the Professional Ethics Executive Committee of the AICPA has adopted revisions to interpretation No. 501-1 under Rule 501 of the Code of Professional Conduct [AICPA, Professional Standards, ET section 501.02], Response to Requests by Clients and Former Clients for Records". The South Dakota Board of Accountancy rule governing client records will be amended to reflect these changes at the next scheduled rules hearing. Watch our website at: www.state.sd.us/dol/boards/accountancy, where the time and place will be posted.

PCAOB NEWS

The Public Company Accounting Oversight Board (PCAOB) announced a four point plan to improve auditor's implementation of the internal control reporting provisions of the Sarbanes-Oxley Act of 2002.

Section 404 of the Sarbanes-Oxley Act requires public companies to annually assess and publicly report on the effectiveness of their internal control over financial reporting.

In an effort to continue efforts to assist with the implementation of Auditing Standard No 2, the PCAOB has laid out the following initiatives:

- 1) Amend Auditing Standard No. 2, to ensure auditor's focus during an integrated audit is placed primarily on areas that pose the higher risk of fraud or material error.
- 2) Reinforce auditor efficiency through PCAOB inspections.
- 3) Develop or facilitate development of implementation guidance for smaller companies.
- 4) Continue PCAOB Forums on Auditing in the Small Business Environment.

IN THIS ISSUE

What's New in Regulation.....	1
Computerized Exam Statistics.....	1
Top Candidates.....	2
New Licensees & Firms.....	2
FAQs	3
In Other News.....	4
Board Members & Staff.....	5
Address Change Form	6

Uniform CPA Examination News

Effective April 1, 2006, the simulations were updated on the Uniform CPA Examination. The new simulations provide a more seamless and intuitive approach for candidates to navigate through.

After 8 weeks of testing, during April/May, it has become clear that candidates do not review the new tutorial and practice test. It can be accessed at www.cpa-exam.org. It is imperative candidates sitting for Audit, FAR and/or REG review the new tutorial and practice test prior to sitting for the examination. While candidates should review all aspects of the examination, they should pay particular attention to the following:

Transfer to answer button: The way you provide answers in the research section has changed considerably. While it has been simplified compared to the original simulations, you will have difficulty if you do not understand how to use the “transfer to answer” functionality. This includes using the split-screen functionality which requires that the literature be displayed in one window and the response area of the question be displayed in the other. Practice repeatedly with the practice examination and you should have no difficulty with the new functionality of the examination.

CONGRATULATIONS TO OUR TOP CANDIDATES

Congratulations to the following individuals for passing all four sections on their first attempt. Both candidates' individuals received scores in the 80's and 90's.

Name	Aggregate Score	University
Laura Jones	335	Creighton
Liu Liu	332	University of Denver

Laura Jones works for Ketel Thorstenson, LLP in Rapid City and will be recognized by the South Dakota CPA Society at their Annual meeting on June 20, 2006. Congratulations Laura from the South Dakota Board members!

Liu Liu is a resident of Michigan who applied as a South Dakota candidate to sit for the Examination. Congratulations Liu from the South Dakota Board members!

NEW LICENSEES

Clayton D. Cudmore	Crystal D. Lail
Kathleen E. Doyle	Donald S. Kainz
Matthew D. Van Essen	Nina Braun
Paula Lee Stromer	April D. Oedekoven
Adekunle R. Ayodele	Morris D. Terveen
Michelle M. Peterson	Tessa R. Thomas
Andrew M. Kaiser	Ryan E. Anema
Elizabeth M. Rawson	Morey A. Monk
Yunping Ye	Kayce L. Roseth
Amanda G. Van Duyn	John L. Binkly
Tamara A. Stern	Dixie L. Rounds
Johanna J. Nickelson	Gregory J. Cargin
Twila J. Storm Hight	Dustin A. Flatten
Charmaine A. Hutchinson	Tracy R. Bandemer
Jessica L. Witlock	Crystal L. S. Foster

NEW FIRM PERMITS ISSUED

Midwest Professionals PLLC – Gaylord, MI
Deloitte & Touche LLP – Costa Mesa
Williams & Company, CPA, P.C. – Vermillion
Williams & Company, CPA, P.C. – Sheldon, IA
PricewaterhouseCoopers LLP – Milwaukee
Fiebigler, Swanson, West & Co., PLLP – Fargo
Lindburg & Vogel, Chartered – Topeka
BKD, LLP – Denver
Jason Maxwell, CPA – Madison
Todd Hoese, CPA, LLC – Gillette, WY
Bryan T. Schmidt, CPA, PC – Warner
Morey A. Monk & Associates – Winner
UHY LLP – St. Louis
Boeckermann, Grafstrom & Mayer, LLC –
Bloomington, MN

RENEWAL TIME IS HERE!

The South Dakota Board of Accountancy began mailing out renewal forms on June 15, 2006. Please be sure to self report any criminal, administrative or civil action(s) taken against you since your last renewal.

All renewal forms must be received in the Board office or postmarked by August 1, 2006. Renewals received after August 1, 2005 will be subject to a \$50 late penalty fee. Failure to receive a renewal notice does not constitute an adequate reason for failing to renew the certificate in a timely manner.

Any individual currently in a lapsed status that has not relinquished their certificate will be issued a notice of

hearing for revocation of license by the Attorney General's office. Please visit our website to see if you are listed as a lapsed license holder.

If you are 55 and no longer perform accounting services for the public, you may register in a retired status. Retired status entitles you to a reduced registration fee of \$10. You will continue to receive newsletters from the board and will not be required to relinquish your certificate for non-compliance with the rules governing inactive and active status.

FREQUENTLY ASKED QUESTIONS

The first section of the FAQs below will deal with the computerization of the Uniform CPA Examination. The second section will deal with questions frequently asked by licensees.

If you have any questions, please do not hesitate to contact the board office. We are here to provide assistance to you. Helping you understand the accountancy laws and rules governing the accounting profession helps us to promote the Board's mission of public protection!

What is the reason for the recent increase in examination fees?

The increase effective July 1, 2006 is for the Prometric Testing fee portion of the exam fee. The increase reflects a consumer price index (CPI) adjustment which will be forthcoming every second year in accordance with the agreement between NASBA/AICPA and Prometric. The CPI adjustment submitted by Prometric was 2.7% effective April 1, 2006. The Board absorbed the increase for any notice to schedules already issued for the April/May window.

What is the current cost of the Uniform CPA Examination?

<u>SECTION</u>	<u>EXAM LENGTH</u>	<u>EXAM FEE</u>
Auditing	4.5 Hours	\$192.00
Accounting	4.0 Hours	\$180.44
Regulation	3.0 Hours	\$157.33
BEC	2.5 Hours	\$145.78

When can I expect the Examination fees to increase again?

Exam fee increases will happen only once each year on January 1, with the next fee change being effective January 1, 2007. The board will post the applicable fees for each window on the Uniform CPA Examination applications available on the board's website.

Candidate fees will not change any more frequently than once each year.

Is anything being done to increase the usefulness of the exam's diagnostic reports?

Yes, on February 21, 2006 in Boston, two focus group sessions were held to elicit candidate comments on the content and format of new diagnostic report samples.

Since this time, state boards have been asked to provide input as to their choice of the samples, and submit those choices to the Board of Examiners (BOE). The BOE hopes to have new diagnostic reports available for candidates in the fourth quarter of this year.

What do I do if my testing session is interrupted?

Do not leave the testing center without completing a Center Problem Report (CPR). Once you have completed the CPR call us at the state board office and we will ensure immediate implementation of proper re-testing procedures at no cost to the candidate and with no penalty to the life of the candidate's notice to schedule.

FREQUENTLY ASKED QUESTIONS **CONCERNING LICENSING ISSUES**

If I hold a South Dakota certificate/license and no longer plan to practice in South Dakota must I renew my certificate/license?

Yes, you must renew your license in either an active, inactive or retired status or relinquish it to the board. Failure to do so will result in unfavorable standing with the board as a lapsed status, and will be reported as such to anyone inquiring as to the standing of your license and this status will be posted on the board's website.

What if I have lost my certificate?

You may request an affidavit for lost certificate from the board staff.

What do I have to do to get my license back at a later date if I choose to relinquish?

You will be responsible for all licensing fees and late penalties for the period in which you chose to relinquish until the time you wish to renew at a rate of \$100 per fiscal year. This may be prorated depending on what time of year you return.

What will my CPE requirement be?

If you wish to perform accounting services you are required to renew in an active status which will require you show proof of 24 hours of continuing professional education (CPE) in the 12 months preceding your application to the board. The Executive Director may grant you a one time extension of 90 days to complete this requirement. All subsequent requests for extension of CPE reporting must be approved by the board members.

When am I required to get a firm permit?

If you perform attest functions, i.e. compilations, audits, and/or review services or if you use the words accountants, accounting, or CPAs in your firm name you must do so through a license firm.

If I am a CPA in another state, who has moved to South Dakota, but I do not practice here, do I need to register with the South Dakota State Board of Accountancy?

Yes, you must contact the board upon moving to South Dakota to become licensed, in either an active, inactive or retired status.

Can the board recommend any good sources for CPE?

Yes, there are numerous options for gaining access to qualified continuing professional education courses. If the course you wish to take is offered by a provider that is registered with the National Association of State Boards of Accountancy (NASBA), the provider must meet the AICPA/NASBA Joint Statement on Standards for Continuing Professional Education Programs, and therefore is automatically accepted by this board. To find both self study and classroom courses visit www.cpemarket.com

NASBA also has a new subscription service available to assist you in tracking, recording and maintaining CPE credits. This system allows you to compare among state board of accountancy's requirements as well as other regulatory agencies and professional organizations.

Subscribers can receive CPE compliance status reports by state and reporting period. There is a nominal cost of \$20.00 for a 12 month subscription.

For more information, please visit www.cpetracking.com

Firms that wish to establish a program to assist their staff may contact cpetracking@nasba.org or call 1-866-627-2286 for additional information.

DON'T FORGET.....

Don't forget to notify the board of any change in address, employment, telephone number or email address within 30 days of the change.

It is also important to report other significant changes in your practice, such as name changes, personnel changes, and partner changes.

CALLING QUALIFIED PEER REVIEWERS

Qualified peer reviewers are currently in demand nationwide. If you qualify as a peer reviewer pursuant to ARSD: 20:75:07:07 of the South Dakota Board of Accountancy rules and are interested in having your name included on our list of qualified peer reviewers, please contact us with your qualifications and contact information. We will add you to our list of qualified peer reviewers which is given to any new firm enrolled in our peer review program.

To qualify as a peer reviewer in South Dakota you must:

- 1) Be licensed to practice as a certified public accountant or public accountant by the licensing board of any state;
- 2) Have current knowledge and experience of the professional standards applicable to the type of practice to be reviewed, including recent experience in the industry engagements that may be selected for review. Such knowledge and experience may be obtained from on-the-job training, training courses, or a combination of both;
- 3) Be independent of the firm under review;
- 4) Be able to demonstrate familiarity with the procedure for conducting a peer review in accordance with the standards in §§ 20:75:07:09 to 20:75:07:16, inclusive;
- 5) Be able to provide evidence that the reviewer's firm received an unmodified report during the past three years or a certified true statement that the firm was not subject to review. If the reviewer is associated with more than one firm, all of the firms with which the reviewer is associated must fulfill this requirement. This provision is not applicable to an individual reviewer not associated with a firm;

- 6) Be familiar with operations of a firm comparable in size to the firm under review; and
- 7) Have completed a minimum of eight hours of continuing professional education on performing peer reviews within the five years before the start of the review.

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

A CHANGING OF THE GUARD

I would like to take this opportunity to thank the South Dakota CPAs for making my job so enjoyable. It is with mixed emotions I resign my position as Executive Director, mainly because of the wonderful people I have had the good fortune to meet and deal with over the past 5.5 years.

I will be leaving the board in the capable hands of Nicole Olson. Nicole previously worked at the Department of Labor, Unemployment Insurance Division as a Tax Program Representative. Nicole has been a quick study and I have no doubt she will be a wonderful Executive Director for the board.

I would also like to thank Laura Coome, Society Director. Laura has been wonderful to work with in passing legislation as well as many other efforts of mutual interest to the Society and the Board. Last but not least, I would like to thank my past and present board members for making the time spent in this position one of the most valuable and enjoyable work experiences of my career.

FUTURE BOARD MEETINGS

June 29, 2006 – Pierre @ Commission Room in the new law enforcement center, located at Office of the Attorney General, 1302 E Hwy 14, the second level.

Please visit our website at www.state.sd.us/dol/boards/accountancy for future meeting dates to be decided at the June 29, 2006 board meeting in Pierre.

**SOUTH DAKOTA
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Rapid City

Marty Guindon, CPA
Auditor General
Vice-Chair
Pierre

David G. Olson, CPA
Secretary-Treasurer
Mitchell

John D. Graham, CPA
Member
Madison

John J. Linn, Jr., CPA
Member
Pierre

John E. Peterson, PhD
Lay Member
Aberdeen

Nicole Olson
Executive Director

Julie Iverson
Administrative Assistant

Tricia Nussbaum
Secretary

MOVING - LET US KNOW

SDCL: 36-20B-29 requires holders of certificates to notify the Board within 30 days of change of address or in employment.

Certificate Holder _____
Last name Jr./III First Middle

Certificate # _____ **Send Mail to** _____ **Home** _____ **Business**

New Home Address _____

City _____ **State** _____ **Zip** _____

CPA Firm/Business Name _____ **State** _____ **Zip** _____

New Business Address _____

City _____ **State** _____ **Zip** _____

Bus. Telephone: () _____ **Home** () _____

Bus. Fax () _____ **E-mail address** _____

Mail to: **SD State Board of Accountancy**

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