



**SOUTH DAKOTA  
BOARD OF ACCOUNTANCY**  
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 Sioux Falls, SD 57104  
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[www.accountancy.sd.gov](http://www.accountancy.sd.gov)

Agenda  
 South Dakota Board of Accountancy Meeting  
 Conference Call  
 9:00 a.m. (CT)  
 January 23, 2015

A=Action	
D=Discussion	
I=Information	Page
A-Approval of Minutes of Meeting December 5, 2014.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through December 2014 .....	6-25
A-Report to Board on NASBA ED & Legal Counsel Conference.....	26-35
A-Report to Board on Grades.....	36-37
D-Executive Director’s Report.....	38
 <b>AICPA</b>	
D-Concept Paper – Future of Practice Monitoring.....	39-53
 <b>EXECUTIVE SESSION</b>	
Equivalent Reviews, Off-Site Requests, and follow ups for Board Approval.....	Spt. Pkt.
 <b>FUTURE MEETING DATES (all times CT)</b>	
March 20 – 9:00 Conference Call	



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South Dakota Board of Accountancy  
Minutes of Meeting-Conference Call  
December 5, 2014 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Friday, December 5, 2014. Chair John Mitchell called the meeting to order at 9:01 a.m.

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

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

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

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the October 27, 2014, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by David Pummel and seconded by John Linn, Jr. to approve the issuance of individual certificates and firm permits through December 1, 2014. A roll call vote was taken. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by John Linn, Jr. to approve the financial statements through October 2014. A roll call vote was taken. The motion unanimously carried.

The Board discussed the independent auditor's report for the fiscal years ending June 30, 2013 and 2014.

Executive Director Kasin discussed her report on CPE audits being conducted, proposed rules changes, and a recap of the Annual Meeting in Washington DC held in November.

The board discussed the AICPA's Board of Examiners October 9-10, 2014 meeting highlights, the AICPA's exposure drafts on Preparation of Financial Statements under SSARS and the Impact on Enrollment in and the Scope of Peer Review, and the AICPA's exposure draft on Peer Reviewer Performance, Disagreements and Qualifications. Board members will review the exposure drafts and will direct comments, if any, to Nicole Kasin.

The board reviewed NASBA's response to the AICPA Board of Examiners exposure draft on Maintaining Relevance of the Uniform CPA Exam.

The board discussed the Candidate Care Concerns 3Q14, the NASBA Board of Directors July 18, 2014 meeting minutes and the NASBA Board of Directors October 31, 2014 meeting highlights.

Holly Brunick left the meeting at 9:22 am.

The Board reviewed the Executive Summary and Responses to Quarterly Focus Questions from Regional Directors.

Holly Brunick returned to the meeting at 9:29.

The Board answered the Quarterly Focus Questions.

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

The Board came out of executive session.

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

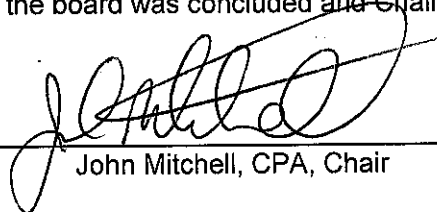
**FUTURE MEETING DATES** (all times CT)

January 23, 2015 – 9:00 am Conference call

March 20, 2015 – 9:00 am Conference call

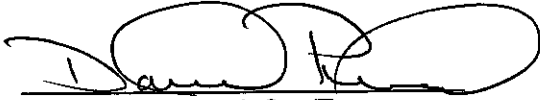
A motion was made by John Linn, Jr. and seconded by Holly Brunick to adjourn the meeting. A roll call vote was taken. The motion unanimously carried.

All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 9:50 a.m.



John Mitchell, CPA, Chair

Attest:   
Nicole Kasin, Executive Director



David Pummel, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES  
BOARD COPY**

**Issued Through January 16, 2015**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Location</b>
3183	Amber Marie Mason	12/18/14	Pierre, SD
3184	Matthew Garrett Anderson	12/31/14	St. Paul, MN
3185	Ryan Bradley Leaf	01/06/15	Sioux Falls, SD

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

**Issued Through  
January 16, 2015**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Basis/Comments</b>
1638	McDermott & Miller, PC Grand Island, NE	12/11/14	New Firm
1639	Financial Concepts, Inc. Rapid City, SD	12/22/14	Name Change
1640	Woltman Group, PC Sioux Falls, SD	12/30/14	Name Change
1641	East, Vander Woude & Co., PC Sioux Falls, SD	01/07/15	Name Change
1642	Feiner Group CPA, Prof. LLC Sioux Falls, SD	01/12/15	New Firm

BAL409R1

STATE OF SOUTH DAKOTA  
CASH CENTER BALANCES  
AS OF: 11/30/2014

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	396,842.87	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			396,842.87	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			396,842.87	DR **	
BUDGET UNIT TOTAL 1031			396,842.87	DR ***	

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 11/30/2014

AGENCY BUDGET CENTER-5	UNIT 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL. # OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS												
6503	103100061802	51010100			CGEX141112	11/14/2014					2,046.00	DR
6503	103100061802	51010100			CGEX141121	11/30/2014					110.00	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES CGEX141112												
6503	103100061802	51010200			CGEX141112	11/14/2014					1,073.66	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES CGEX141112												
6503	103100061802	51010300			CGEX141112	11/14/2014					1,020.00	DR
OBJSUB: 5101030 BOARD & COMM MBRS FEES EMPLOYEE SALARIES												
6503	103100061802	51020100			CGEX141112	11/14/2014					1,020.00	DR
6503	103100061802	51020100			CGEX141121	11/30/2014					4,249.66	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE CGEX141112												
6503	103100061802	51020200			CGEX141121	11/30/2014					307.26	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE CGEX141112												
6503	103100061802	51020600			CGEX141112	11/14/2014					187.85	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE CGEX141112												
6503	103100061802	51020800			CGEX141121	11/30/2014					718.50	DR
OBJSUB: 5102080 WORKER'S COMPENSATION CGEX141112												
6503	103100061802	51020900			CGEX141121	11/14/2014					1.94	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION EMPLOYEE BENEFITS GROUP: 51 PERSONAL SERVICES MP510055												
6503	103100061802	52030100			MP510055	11/30/2014					1,225.41	DR
OBJSUB: 5203010 AUTO-STATE OWNED-IN STATE CGEX141113												
6503	103100061802	52030300			CGEX141113	11/14/2014					153.18	DR
6503	103100061802	52030300			CGEX141113	11/14/2014					126.54	DR
6503	103100061802	52030300			CGEX141113	11/14/2014					118.40	DR
OBJSUB: 5203030 AUTO-PRIV (IN-ST.) H/RTR CGEX141113												
6503	103100061802	52031000			CGEX141113	11/14/2014					109051	DR
6503	103100061802	52031000			CGEX141113	11/14/2014					56.25	DR
6503	103100061802	52031000			CGEX141113	11/14/2014					56.25	DR
6503	103100061802	52031000			CGEX141113	11/14/2014					56.25	DR
6503	103100061802	52031000			CGEX141113	11/14/2014					52.00	DR

1.45 DR \*  
1,225.41 DR \*\*  
5,475.07 DR \*\*\*  
123.12 DR

123.12 DR \*  
153.18 DR  
126.54 DR  
118.40 DR

398.12 DR \*  
56.25 DR  
56.25 DR  
56.25 DR  
56.25 DR  
52.00 DR

BA0205A5 11/29/2014

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 11/30/2014

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

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
		OBJSUB: 5203100	LODGING/IN-STATE						277.00	DR *
		6503 103100061802 52031500	CGEX141113	11/14/2014	109052				35.00	DR
		6503 103100061802 52031500	CGEX141113	11/14/2014	109049				26.00	DR
		6503 103100061802 52031500	CGEX141113	11/14/2014	109050				26.00	DR
		6503 103100061802 52031500	CGEX141113	11/14/2014	109048				26.00	DR
		6503 103100061802 52031500	CGEX141113	11/14/2014	109051				26.00	DR
		OBJSUB: 5203150	NON-TAXABLE MEALS/IN-ST						139.00	DR *
		6503 103100061802 52040400	TRAVEL	11/12/2014	00148961	EASTVANDER	12044292		937.24	DR **
		6503 103100061802 52040400	15SC10036	10338					6,390.00	DR
		OBJSUB: 5204040	ACCOUNTING CONSULTANT						6,390.00	DR *
		6503 103100061802 52041800	DP510099	11/30/2014					355.75	DR *
		OBJSUB: 5204180	COMPUTER SERVICES-STATE						355.75	DR *
		6503 103100061802 52042000	PL510058	11/30/2014					261.52	DR *
		OBJSUB: 5204200	CENTRAL SERVICES						261.52	DR *
		6503 103100061802 52042200	INV2207732	11/07/2014	02096193	MARCOINC	12201534		4.23	DR *
		OBJSUB: 5204220	EQUIPMENT SERV & MAINT						4.23	DR *
		6503 103100061802 52042300	15SC100002	NOV14	00153358	SUNSETOFFI	12043890		122.86	DR *
		OBJSUB: 5204230	JANITORIAL & MAINT SERV						122.86	DR *
		6503 103100061802 52043600	1464 1014	11/30/2014	00153057	CAPITALJOU	12028863	02	164.80	DR *
		OBJSUB: 5204360	ADVERTISING-NEWSPAPER						164.80	DR *
		6503 103100061802 52044600	INV2207732	11/07/2014	02096193	MARCOINC	12201534		57.00	DR *
		OBJSUB: 5204460	EQUIPMENT RENTAL						57.00	DR *
		6503 103100061802 52044900	ACCOUNTRENT2014	11/30/2014	02098627	MGINNISRO	12074040		1,269.45	DR *
		OBJSUB: 5204490	RENTS-PRIVATE OWNED PROP.						1,269.45	DR *
		6503 103100061802 52045300	TEL510153	11/12/2014	00147955	MIDCONTINE	12023782		115.91	DR
		6503 103100061802 52045300	111109001	OCT14	00149370	ATTMOBILIT	12279233		95.00	DR
		6503 103100061802 52045300	287235921	0871014					67.01	DR
		OBJSUB: 5204530	TELECOMMUNICATIONS SRVCS						277.92	DR *
		6503 103100061802 52045400	5159417006	1014	02096271	XCELENERGY	12023853		58.08	DR
		OBJSUB: 5204540	ELECTRICITY						58.08	DR *
		6503 103100061802 52047400	CI105A-029	11/21/2014	220451				83.64	DR
		OBJSUB: 5204740	BANK FEES AND CHARGES						83.64	DR *
		6503 103100061802 52049600	13593181	11/30/2014	00152879	NATLASSNST	12005047		5,256.55	DR
		OBJSUB: 5204960	OTHER CONTRACTUAL SERVICE						5,256.55	DR *
		6503 103100061802 52050200	CONTRACTUAL SERVICES	11/30/2014	02098684	OFFICEMXXI	12162845		14,301.80	DR **
		OBJSUB: 5205020	CONTRACTUAL SERVICES						28.01	DR **



STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 11/30/2014

AGENCY	UNIT	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV APPL. #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	5205020	OFFICE SUPPLIES	39015	11/07/2014	00147855	BUSINESSPR	12003048			28.01	DR *
6503	103100061802	5205320	PRINTING-COMMERCIAL	10585051	11/07/2014	00147862	AICPASUBSC	12004400			30.00	DR *
6503	103100061802	52053300	10585837		11/30/2014	00152874	AICPASUBSC	12004400		04	387.50	DR
6503	103100061802	52053300	10585837		11/30/2014	00152874	AICPASUBSC	12004400		04	280.00	DR
6503	103100061802	5205330	SUPP. PUBLIC & REF MAT								667.50	DR *
6503	103100061802	5205	SUPPLIES & MATERIALS								725.51	DR **
6503	103100061802	5228000	T105-042		11/05/2014						565.94	DR **
6503	103100061802	5228000	OPER TRANS OUT -NON BUDGT								565.94	DR **
6503	103100061802	5228	NONOP EXP/NONBGTD OP TR								16,530.49	DR ***
6503	103100061802	5228	OPERATING EXPENSES								22,005.56	DR ****
6503	103100061802	5228	OPERATING EXPENSES								22,005.56	DR ****
6503	103100061802	5228	OPERATING EXPENSES								22,005.56	DR ****
6503	103100061802	5228	OPERATING EXPENSES								22,005.56	DR ****

**South Dakota Board of Accountancy**  
**Balance Sheet**  
As of November 30, 2014

	Nov 30, 14
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
1130000 · Local Checking - US Bank	359.58
1140000 · Pool Cash State of SD	396,842.87
<b>Total Checking/Savings</b>	397,202.45
<b>Other Current Assets</b>	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
<b>Total Other Current Assets</b>	5,768.86
<b>Total Current Assets</b>	402,971.31
<b>Fixed Assets</b>	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-134,028.07
<b>Total 1670000 · Computer Software</b>	6,035.16
<b>Total Fixed Assets</b>	6,035.16
<b>TOTAL ASSETS</b>	409,006.47
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
2110000 · Accounts Payable	16,821.86
<b>Total Accounts Payable</b>	16,821.86
<b>Other Current Liabilities</b>	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	14,324.92
<b>Total Other Current Liabilities</b>	21,803.21
<b>Total Current Liabilities</b>	38,625.07
<b>Long Term Liabilities</b>	
2960000 · Compensated Absences Payable	16,686.44
<b>Total Long Term Liabilities</b>	16,686.44
<b>Total Liabilities</b>	55,311.51
<b>Equity</b>	
3220000 · Unrestricted Net Assets	249,713.57
3300100 · Invested In Capital Assets	6,035.24
3900 · Retained Earnings	4,512.55
Net Income	93,433.60
<b>Total Equity</b>	353,694.96
<b>TOTAL LIABILITIES &amp; EQUITY</b>	409,006.47

# South Dakota Board of Accountancy

## Profit & Loss Budget vs. Actual

### July through November 2014

	Jul - Nov 14	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	1,300.00	2,200.00	-900.00	59.1%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	57,460.00	55,000.00	2,460.00	104.5%
<b>Total 4293551 · Certificate Renewals-Active</b>	<b>57,450.00</b>	<b>55,000.00</b>	<b>2,450.00</b>	<b>104.5%</b>
4293552 · Certificate Renewals-Inactive	20,050.00	19,000.00	1,050.00	105.5%
4293553 · Certificate Renewals-Retired				
5208005 · REFUNDS	-40.00			
4293553 · Certificate Renewals-Retired - Other	1,010.00	750.00	260.00	134.7%
<b>Total 4293553 · Certificate Renewals-Retired</b>	<b>970.00</b>	<b>750.00</b>	<b>220.00</b>	<b>129.3%</b>
4293554 · Initial Firm Permits	450.00	900.00	-450.00	50.0%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	14,160.00	15,000.00	-840.00	94.4%
<b>Total 4293555 · Firm Permit Renewals</b>	<b>14,010.00</b>	<b>15,000.00</b>	<b>-990.00</b>	<b>93.4%</b>
4293557 · Initial Audit	240.00	900.00	-660.00	26.7%
4293558 · Re-Exam Audit	900.00	2,460.00	-1,560.00	36.6%
4293561 · Late Fees-Certificate Renewals	2,600.00	3,700.00	-1,100.00	70.3%
4293563 · Late Fees-Firm Permit Renewals	300.00	800.00	-500.00	37.5%
4293564 · Late Fees-Peer Review	250.00	1,300.00	-1,050.00	19.2%
4293566 · Firm Permit Owners	89,865.00	78,000.00	11,865.00	115.2%
4293567 · Peer Review Admin Fee	450.00	5,650.00	-5,200.00	8.0%
4293568 · Firm Permit Name Change	75.00	100.00	-25.00	75.0%
4293569 · Initial FAR	510.00	1,140.00	-630.00	44.7%
4293570 · Initial REG	210.00	660.00	-450.00	31.8%
4293571 · Initial BEC	240.00	930.00	-690.00	25.8%
4293572 · Re-Exam FAR	510.00	1,860.00	-1,350.00	27.4%
4293573 · Re-Exam REG	780.00	2,310.00	-1,530.00	33.8%
4293574 · Re-Exam BEC	810.00	2,310.00	-1,500.00	35.1%
4491000 · Interest and Dividend Revenue	3,578.78	8,500.00	-4,921.22	42.1%
4896021 · Legal Recovery Cost	100.00	1,000.00	-900.00	10.0%
<b>Total Income</b>	<b>195,648.78</b>	<b>204,470.00</b>	<b>-8,821.22</b>	<b>95.7%</b>
<b>Gross Profit</b>	<b>195,648.78</b>	<b>204,470.00</b>	<b>-8,821.22</b>	<b>95.7%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	20,570.02	72,759.00	-52,188.98	28.3%
5101020 · P-T/Temp Emp Sal & Wages	13,154.72	18,779.00	-5,624.28	70.1%
5101030 · Board & Comm Mbrs Fees	2,100.00	4,372.00	-2,272.00	48.0%
5102010 · OASI-Employer's Share	2,578.27	7,362.00	-4,783.73	35.0%
5102020 · Retirement-ER Share	2,003.45	5,492.00	-3,488.55	36.5%
5102060 · Health /Life Ins.-ER Share	10,418.25	22,007.00	-11,588.75	47.3%
5102080 · Worker's Compensation	20.26	254.00	-233.74	8.0%
5102090 · Unemployment Insurance	15.20	91.00	-75.80	16.7%
5203010 · Auto--State Owned	123.12	1,000.00	-876.88	12.3%
5203020 · Auto-Private-Owne Low Mileage	180.80	400.00	-219.20	45.2%
5203030 · In State-Auto- Priv. High Miles	1,137.38	1,500.00	-362.62	75.8%
5203100 · In State-Lodging	673.75	1,000.00	-326.25	67.4%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	363.00	400.00	-37.00	90.8%
5203220 · OS-Auto Private Low Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	2,167.80	6,000.00	-3,832.20	36.1%
5203280 · OS-Other Public Carrier	101.31	500.00	-398.69	20.3%
5203300 · OS-Lodging	3,321.99	7,800.00	-4,478.01	42.6%
5203320 · OS-Incidentals to Travel	168.00	450.00	-282.00	37.3%
5203350 · OS-Non-Taxable Meals Overnight	330.00	1,300.00	-970.00	25.4%
5204010 · Subscriptions	563.58	1,000.00	-436.42	56.4%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%

**South Dakota Board of Accountancy**  
**Profit & Loss Budget vs. Actual**  
**July through November 2014**

	Jul - Nov 14	Budget	\$ Over Budget	% of Budget
5204040 · Consultant Fees-Accounting	7,100.00	7,100.00	0.00	100.0%
5204160 · Workshop Registration Fees	2,085.00	6,000.00	-3,915.00	34.8%
5204180 · Computer Services-State	321.75	600.00	-278.25	53.6%
5204181 · Computer Development Serv-State	1,300.00	10,400.00	-9,100.00	12.5%
5204200 · Central Services	2,827.17	7,000.00	-4,172.83	40.4%
5204220 · Equipment Service & Maintenance	23.77	300.00	-276.23	7.9%
5204230 · Janitorial/Maintenance Services	614.30	1,560.00	-945.70	39.4%
5204340 · Computer Software Maintenance	122.50	1,500.00	-1,377.50	8.2%
5204360 · Advertising-Newspapers	938.33	1,000.00	-61.67	93.8%
5204440 · Newsletter Publishing	444.00	1,100.00	-656.00	40.4%
5204460 · Equipment Rental	1,479.00	4,000.00	-2,521.00	37.0%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	6,347.25	15,234.00	-8,886.75	41.7%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	1,242.36	2,800.00	-1,557.64	44.4%
5204540 · Electricity	250.72	865.00	-614.28	29.0%
5204560 · Water	44.70	240.00	-195.30	18.6%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	3,728.63	5,500.00	-1,771.37	67.8%
5205020 · Office Supplies	115.36	2,000.00	-1,884.64	5.8%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	93.00	1,000.00	-907.00	9.3%
5205330 · Supplemental Publications	667.50	700.00	-32.50	95.4%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	1,927.52	2,000.00	-72.48	96.4%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	175.00	4,800.00	-4,625.00	3.6%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	1,906.24	7,400.00	-5,493.76	25.8%
5228030 · Depreciation Expense	5,029.38	12,070.40	-7,041.02	41.7%
<b>Total Expense</b>	<b>102,215.18</b>	<b>257,195.40</b>	<b>-154,980.22</b>	<b>39.7%</b>
<b>Net Ordinary Income</b>	<b>93,433.60</b>	<b>-52,725.40</b>	<b>146,159.00</b>	<b>-177.2%</b>
<b>Net Income</b>	<b>93,433.60</b>	<b>-52,725.40</b>	<b>146,159.00</b>	<b>-177.2%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
November 2014

	Nov 14	Nov 13	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	0.00	150.00	-150.00	-100.0%
4293552 · Certificate Renewals-Inactive	0.00	50.00	-50.00	-100.0%
4293554 · Initial Firm Permits	50.00	0.00	50.00	100.0%
4293555 · Firm Permit Renewals	0.00	50.00	-50.00	-100.0%
4293558 · Re-Exam Audit	150.00	120.00	30.00	25.0%
4293561 · Late Fees-Certificate Renewals	0.00	50.00	-50.00	-100.0%
4293566 · Firm Permit Owners	585.00	65.00	520.00	800.0%
4293569 · Initial FAR	60.00	0.00	60.00	100.0%
4293570 · Initial REG	30.00	0.00	30.00	100.0%
4293572 · Re-Exam FAR	30.00	150.00	-120.00	-80.0%
4293573 · Re-Exam REG	60.00	60.00	0.00	0.0%
4293574 · Re-Exam BEC	150.00	120.00	30.00	25.0%
<b>Total Income</b>	<u>1,115.00</u>	<u>815.00</u>	<u>300.00</u>	<u>36.8%</u>
<b>Gross Profit</b>	1,115.00	815.00	300.00	36.8%
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	2,156.00	6,058.48	-3,902.48	-64.4%
5101020 · P-T/Temp Emp Sal & Wages	1,073.66	2,466.47	-1,392.81	-56.5%
5101030 · Board & Comm Mbrs Fees	1,020.00	720.00	300.00	41.7%
5102010 · OASI-Employer's Share	315.67	687.13	-371.46	-54.1%
5102020 · Retirement-ER Share	187.85	511.50	-323.65	-63.3%
5102060 · Health /Life Ins.-ER Share	718.50	1,817.28	-1,098.78	-60.5%
5102080 · Worker's Compensation	1.94	11.09	-9.15	-82.5%
5102090 · Unemployment Insurance	1.45	2.73	-1.28	-46.9%
5203010 · Auto--State Owned	123.12	0.00	123.12	100.0%
5203030 · In State-Auto- Priv. High Miles	44.40	0.00	44.40	100.0%
5203260 · OS-Air Commercial Carrier	1,558.10	2,264.94	-706.84	-31.2%
5203280 · OS-Other Public Carrier	87.46	0.00	87.46	100.0%
5203300 · OS-Lodging	3,148.55	2,293.52	855.03	37.3%
5203320 · OS-Incidentals to Travel	152.00	100.00	52.00	52.0%
5203350 · OS-Non-Taxable Meals Overnight	296.00	315.00	-19.00	-6.0%
5204010 · Subscriptions	250.58	235.93	14.65	6.2%
5204040 · Consultant Fees-Accounting	710.00	0.00	710.00	100.0%
5204180 · Computer Services-State	0.00	72.00	-72.00	-100.0%
5204181 · Computer Development Serv-State	0.00	60.00	-60.00	-100.0%
5204200 · Central Services	261.52	131.60	129.92	98.7%
5204220 · Equipment Service & Maintenance	5.32	4.42	0.90	20.4%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
5204360 · Advertising-Newspapers	164.80	0.00	164.80	100.0%
5204460 · Equipment Rental	654.00	654.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	257.72	354.63	-96.91	-27.3%
5204540 · Electricity	51.96	51.38	0.58	1.1%
5204740 · Bank Fees and Charges	83.64	121.04	-37.40	-30.9%
5204960 · Other Contractual Services	0.00	441.00	-441.00	-100.0%
5205020 · Office Supplies	28.01	15.00	13.01	86.7%
5205320 · Printing/Duplicating/Binding Co	0.00	27.00	-27.00	-100.0%
5205330 · Supplemental Publications	280.00	0.00	280.00	100.0%
5228000 · Operating Transfers Out-NonBudg	565.94	310.70	255.24	82.2%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
<b>Total Expense</b>	<u>16,596.36</u>	<u>22,125.01</u>	<u>-5,528.65</u>	<u>-25.0%</u>
<b>Net Ordinary Income</b>	<u>-15,481.36</u>	<u>-21,310.01</u>	<u>5,828.65</u>	<u>27.4%</u>
<b>Net Income</b>	<u><u>-15,481.36</u></u>	<u><u>-21,310.01</u></u>	<u><u>5,828.65</u></u>	<u><u>27.4%</u></u>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
**July through November 2014**

	Jul - Nov 14	Jul - Nov 13	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	1,300.00	1,300.00	0.00	0.0%
4293551 · Certificate Renewals-Active	57,450.00	56,450.00	1,000.00	1.8%
4293552 · Certificate Renewals-Inactive	20,050.00	19,700.00	350.00	1.8%
4293553 · Certificate Renewals-Retired	970.00	820.00	150.00	18.3%
4293554 · Initial Firm Permits	450.00	200.00	250.00	125.0%
4293555 · Firm Permit Renewals	14,010.00	13,750.00	260.00	1.9%
4293557 · Initial Audit	240.00	180.00	60.00	33.3%
4293558 · Re-Exam Audit	900.00	960.00	-60.00	-6.3%
4293560 · Late Fees-Initial Certificate	0.00	150.00	-150.00	-100.0%
4293561 · Late Fees-Certificate Renewals	2,600.00	2,000.00	600.00	30.0%
4293563 · Late Fees-Firm Permit Renewals	300.00	700.00	-400.00	-57.1%
4293564 · Late Fees-Peer Review	250.00	650.00	-400.00	-61.5%
4293566 · Firm Permit Owners	89,865.00	87,300.00	2,565.00	2.9%
4293567 · Peer Review Admin Fee	450.00	675.00	-225.00	-33.3%
4293568 · Firm Permit Name Change	75.00	100.00	-25.00	-25.0%
4293569 · Initial FAR	510.00	360.00	150.00	41.7%
4293570 · Initial REG	210.00	60.00	150.00	250.0%
4293571 · Initial BEC	240.00	180.00	60.00	33.3%
4293572 · Re-Exam FAR	510.00	840.00	-330.00	-39.3%
4293573 · Re-Exam REG	780.00	960.00	-180.00	-18.8%
4293574 · Re-Exam BEC	810.00	900.00	-90.00	-10.0%
4491000 · Interest and Dividend Revenue	3,578.78	5,207.41	-1,628.63	-31.3%
4896021 · Legal Recovery Cost	100.00	0.00	100.00	100.0%
<b>Total Income</b>	<b>195,648.78</b>	<b>193,442.41</b>	<b>2,206.37</b>	<b>1.1%</b>
<b>Gross Profit</b>	<b>195,648.78</b>	<b>193,442.41</b>	<b>2,206.37</b>	<b>1.1%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	20,570.02	22,161.64	-1,591.62	-7.2%
5101020 · P-T/Temp Emp Sal & Wages	13,154.72	9,406.63	3,748.09	39.9%
5101030 · Board & Comm Mbrs Fees	2,100.00	1,860.00	240.00	12.9%
5102010 · OASI-Employer's Share	2,578.27	2,483.49	94.78	3.8%
5102020 · Retirement-ER Share	2,003.45	1,894.09	109.36	5.8%
5102060 · Health /Life Ins.-ER Share	10,418.25	7,269.12	3,149.13	43.3%
5102080 · Worker's Compensation	20.26	41.03	-20.77	-50.6%
5102090 · Unemployment Insurance	15.20	10.13	5.07	50.1%
5203010 · Auto--State Owned	123.12	296.96	-173.84	-58.5%
5203020 · Auto-Private-Ownes Low Mileage	180.80	180.80	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	1,137.38	694.86	442.52	63.7%
5203100 · In State-Lodging	673.75	350.00	323.75	92.5%
5203120 · In State-Incidentals to Travel	10.00	0.00	10.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	215.00	148.00	68.8%
5203260 · OS-Air Commercial Carrier	2,167.80	2,264.94	-97.14	-4.3%
5203280 · OS-Other Public Carrier	101.31	0.00	101.31	100.0%
5203300 · OS-Lodging	3,321.99	2,293.52	1,028.47	44.8%
5203320 · OS-Incidentals to Travel	168.00	100.00	68.00	68.0%
5203350 · OS-Non-Taxable Meals Overnight	330.00	315.00	15.00	4.8%
5204010 · Subscriptions	563.58	235.93	327.65	138.9%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	7,100.00	0.00	7,100.00	100.0%
5204160 · Workshop Registration Fees	2,085.00	1,090.00	995.00	91.3%
5204180 · Computer Services-State	321.75	369.00	-47.25	-12.8%
5204181 · Computer Development Serv-State	1,300.00	4,962.30	-3,662.30	-73.8%
5204200 · Central Services	2,827.17	1,896.28	930.89	49.1%
5204220 · Equipment Service & Maintenance	23.77	33.73	-9.96	-29.5%
5204230 · Janitorial/Maintenance Services	614.30	614.30	0.00	0.0%
5204340 · Computer Software Maintenance	122.50	0.00	122.50	100.0%
5204360 · Advertising-Newspapers	938.33	0.00	938.33	100.0%
5204440 · Newsletter Publishing	444.00	0.00	444.00	100.0%
5204460 · Equipment Rental	1,479.00	1,479.00	0.00	0.0%
5204490 · Rents Privately Owned Property	6,347.25	6,347.25	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%
5204530 · Telecommunications Services	1,242.36	1,368.35	-125.99	-9.2%
5204540 · Electricity	250.72	256.73	-6.01	-2.3%

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
 July through November 2014

	<u>Jul - Nov 14</u>	<u>Jul - Nov 13</u>	<u>\$ Change</u>	<u>% Change</u>
5204560 · Water	44.70	22.35	22.35	100.0%
5204740 · Bank Fees and Charges	3,728.63	3,461.94	266.69	7.7%
5204960 · Other Contractual Services	0.00	724.50	-724.50	-100.0%
5205020 · Office Supplies	115.36	122.72	-7.36	-6.0%
5205320 · Printing/Duplicating/Binding Co	93.00	72.15	20.85	28.9%
5205330 · Supplemental Publications	667.50	387.50	280.00	72.3%
5205350 · Postage	1,927.52	0.00	1,927.52	100.0%
5207900 · Computer Hardware	175.00	-238.63	413.63	173.3%
5228000 · Operating Transfers Out-NonBudg	1,906.24	1,536.78	369.46	24.0%
5228030 · Depreciation Expense	5,029.38	5,029.30	0.08	0.0%
<b>Total Expense</b>	<u>102,215.18</u>	<u>85,008.69</u>	<u>17,206.49</u>	<u>20.2%</u>
<b>Net Ordinary Income</b>	<u>93,433.60</u>	<u>108,433.72</u>	<u>-15,000.12</u>	<u>-13.8%</u>
<b>Net Income</b>	<u><u>93,433.60</u></u>	<u><u>108,433.72</u></u>	<u><u>-15,000.12</u></u>	<u><u>-13.8%</u></u>

BA1409R1

STATE OF SOUTH DAKOTA  
CASH CENTER BALANCES  
AS OF: 12/31/2014

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	388,536.82	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			388,536.82	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			388,536.82	DR **	
BUDGET UNIT TOTAL 1031			388,536.82	DR ***	



AGENCY BUDGET CENTER-5	UNIT 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JY APPVL OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503												
COMPANY NAME PROFESSIONAL & LICENSING BOARDS												
6503	103100061802	51010100			CGEX141125	12/03/2014					1,860.00	DR
6503	103100061802	51010100			CGEX141211	12/17/2014					2,046.00	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES												
6503	103100061802	51010200			CGEX141125	12/03/2014					3,906.00	DR *
6503	103100061802	51010200			CGEX141211	12/17/2014					885.03	DR
6503	103100061802	51010200			CGEX141222	12/26/2014					916.66	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES												
6503	103100061802	51010300			CGEX141211	12/17/2014					2,041.69	DR *
OBJSUB: 5101030 BOARD & COMM MERS FEES												
6503	103100061802	51020100			CGEX141125	12/03/2014					240.00	DR *
6503	103100061802	51020100			CGEX141211	12/17/2014					6,187.69	DR **
6503	103100061802	51020100			CGEX141211	12/17/2014					200.56	DR
6503	103100061802	51020100			CGEX141222	12/26/2014					235.56	DR
OBJSUB: 5102010 QASI-EMPLOYER'S SHARE												
6503	103100061802	51020200			CGEX141125	12/03/2014					454.48	DR *
6503	103100061802	51020200			CGEX141211	12/17/2014					159.10	DR
6503	103100061802	51020200			CGEX141211	12/17/2014					173.81	DR
6503	103100061802	51020200			CGEX141222	12/26/2014					14.40	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE												
6503	103100061802	51020600			CGEX141125	12/03/2014					347.31	DR *
6503	103100061802	51020600			CGEX141211	12/17/2014					718.50	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE												
6503	103100061802	51020800			CGEX141125	12/03/2014					1,437.00	DR *
6503	103100061802	51020800			CGEX141211	12/17/2014					1.66	DR
6503	103100061802	51020800			CGEX141211	12/17/2014					1.78	DR
6503	103100061802	51020800			CGEX141222	12/26/2014					.14	DR
OBJSUB: 5102080 WORKER'S COMPENSATION												
6503	103100061802	51020900			CGEX141125	12/03/2014					3.58	DR *
6503	103100061802	51020900			CGEX141211	12/17/2014					1.24	DR
6503	103100061802	51020900			CGEX141211	12/17/2014					1.33	DR
6503	103100061802	51020900			CGEX141222	12/26/2014					.11	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION												
6503	103100061802	52031000			CGEX141203	12/03/2014					2,245.05	DR **
OBJSUB: 5102090 EMPLOYEE BENEFITS												
6503	103100061802	52031500			CGEX141203	12/03/2014					8,432.74	DR ***
OBJSUB: 5102090 PERSONAL SERVICES												
6503	103100061802	52031000			CGEX141203	12/03/2014					56.25	DR
OBJSUB: 5203100 LODGING/IN-STATE												
6503	103100061802	52031500			CGEX141203	12/03/2014					26.00	DR
OBJSUB: 5203150 NON-TAXABLE MEALS/IN-ST												
6503	103100061802	52032300			CGEX141212	12/12/2014					44.40	DR *

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 12/31/2014

AGENCY BUDGET CENTER	UNIT	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
10	10310	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY										
6503	103100061802	AUTO-PRIV. (OUT-STATE) H/R			CGEX141208	12/10/2014	129966				44.40	DR *
6503	103100061802				CGEX141212	12/12/2014	129965				489.70	DR
6503	103100061802				CGEX141218	12/19/2014	136102				494.20	DR
6503	103100061802				CGEX141218	12/19/2014	136102				574.20	DR
6503	103100061802	AIR-COMM-OUT-OF-STATE			CGEX141208	12/10/2014	129966				1,558.10	DR *
6503	103100061802				CGEX141212	12/12/2014	129965				47.46	DR
6503	103100061802				CGEX141218	12/19/2014	136102				20.00	DR
6503	103100061802	OTHER-PUBLIC-OUT-OF-STATE			CGEX141208	12/10/2014	129966				87.46	DR *
6503	103100061802				CGEX141212	12/12/2014	129965				1,145.00	DR
6503	103100061802				CGEX141218	12/19/2014	136102				1,145.00	DR
6503	103100061802				CGEX141218	12/19/2014	136102				858.75	DR
6503	103100061802	LODGING/OUT-OF-STATE			CGEX141208	12/10/2014	129966				3,148.75	DR *
6503	103100061802				CGEX141212	12/12/2014	129965				40.00	DR
6503	103100061802				CGEX141218	12/19/2014	136102				34.00	DR
6503	103100061802				CGEX141218	12/19/2014	136102				78.00	DR
6503	103100061802	INCIDENTALS-OUT-OF-STATE			CGEX141208	12/10/2014	129966				152.00	DR *
6503	103100061802				CGEX141212	12/12/2014	129965				98.00	DR
6503	103100061802				CGEX141218	12/19/2014	136102				117.00	DR
6503	103100061802				CGEX141218	12/19/2014	136102				81.00	DR
6503	103100061802	NON-TAXABLE MEALS/OUT-ST									296.00	DR *
6503	103100061802	TRAVEL									5,368.96	DR **
6503	103100061802										250.58	DR
6503	103100061802	SUBSCRIPTIONS									250.58	DR *
6503	103100061802										710.00	DR
6503	103100061802	ACCOUNTING CONSULTANT									710.00	DR *
6503	103100061802										342.35	DR
6503	103100061802	COMPUTER SERVICES-STATE									342.35	DR *
6503	103100061802										1,498.45	DR
6503	103100061802										160.93	DR
6503	103100061802	CENTRAL SERVICES									1,659.38	DR *
6503	103100061802										5.32	DR
6503	103100061802										71.00	DR
6503	103100061802										76.32	DR *
6503	103100061802	EQUIPMENT SERV & MAINT									122.86	DR
6503	103100061802										122.86	DR *
6503	103100061802	JANITORIAL & MAINT SERV									122.86	DR *
6503	103100061802										561.33	DR

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 12/31/2014

AGENCY BUDGET CENTER	UNIT	LABOR & REGULATION BOARD OF ACCOUNTANCY	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	5204360	ADVERTISING-NEWSPAPER	H5023962	12/17/2014	02100809	MATFINANC	12219369	06	561.33	DR *
6503	103100061802	5204460	INVT264843		12/10/2014	02099746	MARCOINC	12201534	06	597.00	DR *
6503	103100061802	5204460	EQUIPMENT RENTAL	ACCOURTMENT2014	01/01/2015	02101735	MCGINNISR0	12074040	06	654.00	DR *
6503	103100061802	5204490	RENTS-PRIVATE OWNED PROP.	TU511152	12/26/2014	00156903	MIDCONTINE	12023782	06	1,269.45	DR *
6503	103100061802	5204530	CI105A-030	111109001 NOV14	12/10/2014	00157822	ATMOBILIT	12279233	06	93.13	DR *
6503	103100061802	5204530	CI105A-030	2872359210871114	12/10/2014	00157822	ATMOBILIT	12279233	06	95.00	DR *
6503	103100061802	5204530	TELECOMMUNICATIONS SRVCS	5159417006 1114	12/17/2014	02100270	XCELENERGY	12023853	06	67.01	DR *
6503	103100061802	5204540	ELECTRICITY	CI105A-030	12/05/2014	221490			06	255.14	DR *
6503	103100061802	5204740	BANK FEES AND CHARGES	13596706	01/01/2015	00162257	NATLASSNST	12005047	06	51.96	DR *
6503	103100061802	5204960	OTHER CONTRACTUAL SERVICE	39180	01/01/2015	00162248	BUSINESSPR	12003048	06	78.32	DR *
6503	103100061802	5205320	PRINTING-COMMERCIAL	CGEX141203	12/03/2014	121082			06	9,364.09	DR *
6503	103100061802	5205350	POSTAGE SUPPLIES & MATERIALS	B02761579	12/17/2014	02100235	SHINTERNA	12011614	01	21.00	DR *
6503	103100061802	52079010	H02761579		01/01/2015	00162960	HEWLETTTPAC	12125515	06	42.02	DR **
6503	103100061802	52079010	55119627		01/01/2015	00162960	HEWLETTTPAC	12125515	06	67.62	DR **
6503	103100061802	52079010	55128286		01/01/2015	00162960	HEWLETTTPAC	12125515	06	109.00	DR **
6503	103100061802	52079010	55184909		01/01/2015	00162960	HEWLETTTPAC	12125515	06	205.00	DR **
6503	103100061802	52079010	55237644		01/02/2015	00163797	HEWLETTTPAC	12125515	06	1,220.00	DR **
6503	103100061802	5228000	COMPUTER HARDWARE CAPITAL OUTLAY	T105-051	12/03/2014				06	1,611.62	DR **
6503	103100061802	5228000	OPER TRANS OUT -NON BUDGT						06	1,611.62	DR **
6503	103100061802	5228000	NONOP EXP/NONBUDG OP TR						06	204.22	DR **
6503	103100061802	5228000	OPERATING EXPENSES						06	204.22	DR **
6503	103100061802	5228000	B. UNTT: 1031						06	204.22	DR **

**South Dakota Board of Accountancy**  
**Balance Sheet**  
As of December 31, 2014

	Dec 31, 14
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1130000 · Local Checking - US Bank	384.53
1140000 · Pool Cash State of SD	388,536.82
<b>Total Checking/Savings</b>	388,921.35
<b>Other Current Assets</b>	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
<b>Total Other Current Assets</b>	5,768.86
<b>Total Current Assets</b>	394,690.21
<b>Fixed Assets</b>	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-134,028.07
<b>Total 1670000 · Computer Software</b>	6,035.16
<b>Total Fixed Assets</b>	6,035.16
<b>TOTAL ASSETS</b>	<b>400,725.37</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110000 · Accounts Payable	11,609.90
<b>Total Accounts Payable</b>	11,609.90
<b>Other Current Liabilities</b>	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	22,016.26
<b>Total Other Current Liabilities</b>	29,494.55
<b>Total Current Liabilities</b>	41,104.45
<b>Long Term Liabilities</b>	
2960000 · Compensated Absences Payable	16,686.44
<b>Total Long Term Liabilities</b>	16,686.44
<b>Total Liabilities</b>	57,790.89
<b>Equity</b>	
3220000 · Unrestricted Net Assets	249,713.57
3300100 · Invested In Capital Assets	6,035.24
3900 · Retained Earnings	4,512.55
Net Income	82,673.12
<b>Total Equity</b>	342,934.48
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>400,725.37</b>

# South Dakota Board of Accountancy

## Profit & Loss Budget vs. Actual

### July through December 2014

	Jul - Dec 14	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	1,500.00	2,200.00	-700.00	68.2%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	57,460.00	55,000.00	2,460.00	104.5%
<b>Total 4293551 · Certificate Renewals-Active</b>	<b>57,450.00</b>	<b>55,000.00</b>	<b>2,450.00</b>	<b>104.5%</b>
4293552 · Certificate Renewals-Inactive	20,050.00	19,000.00	1,050.00	105.5%
4293553 · Certificate Renewals-Retired				
5208005 · REFUNDS	-40.00			
4293553 · Certificate Renewals-Retired - Other	1,010.00	750.00	260.00	134.7%
<b>Total 4293553 · Certificate Renewals-Retired</b>	<b>970.00</b>	<b>750.00</b>	<b>220.00</b>	<b>129.3%</b>
4293554 · Initial Firm Permits	600.00	900.00	-300.00	66.7%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	14,210.00	15,000.00	-790.00	94.7%
<b>Total 4293555 · Firm Permit Renewals</b>	<b>14,060.00</b>	<b>15,000.00</b>	<b>-940.00</b>	<b>93.7%</b>
4293557 · Initial Audit	270.00	900.00	-630.00	30.0%
4293558 · Re-Exam Audit	1,170.00	2,460.00	-1,290.00	47.6%
4293561 · Late Fees-Certificate Renewals	2,600.00	3,700.00	-1,100.00	70.3%
4293563 · Late Fees-Firm Permit Renewals	300.00	800.00	-500.00	37.5%
4293564 · Late Fees-Peer Review	450.00	1,300.00	-850.00	34.6%
4293566 · Firm Permit Owners	91,555.00	78,000.00	13,555.00	117.4%
4293567 · Peer Review Admin Fee	750.00	5,650.00	-4,900.00	13.3%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	100.0%
4293569 · Initial FAR	570.00	1,140.00	-570.00	50.0%
4293570 · Initial REG	270.00	660.00	-390.00	40.9%
4293571 · Inital BEC	300.00	930.00	-630.00	32.3%
4293572 · Re-Exam FAR	840.00	1,860.00	-1,020.00	45.2%
4293573 · Re-Exam REG	1,080.00	2,310.00	-1,230.00	46.8%
4293574 · Re-Exam BEC	1,020.00	2,310.00	-1,290.00	44.2%
4491000 · Interest and Dividend Revenue	3,578.78	8,500.00	-4,921.22	42.1%
4896021 · Legal Recovery Cost	100.00	1,000.00	-900.00	10.0%
<b>Total Income</b>	<b>199,583.78</b>	<b>204,470.00</b>	<b>-4,886.22</b>	<b>97.6%</b>
<b>Gross Profit</b>	<b>199,583.78</b>	<b>204,470.00</b>	<b>-4,886.22</b>	<b>97.6%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	24,476.02	72,759.00	-48,282.98	33.6%
5101020 · P-T/Temp Emp Sal & Wages	15,196.41	18,779.00	-3,582.59	80.9%
5101030 · Board & Comm Mbrs Fees	2,340.00	4,372.00	-2,032.00	53.5%
5102010 · OASI-Employer's Share	3,032.75	7,362.00	-4,329.25	41.2%
5102020 · Retirement-ER Share	2,350.76	5,492.00	-3,141.24	42.8%
5102060 · Health /Life Ins.-ER Share	11,855.25	22,007.00	-10,151.75	53.9%
5102080 · Worker's Compensation	23.84	254.00	-230.16	9.4%
5102090 · Unemployment Insurance	17.88	91.00	-73.12	19.6%
5203010 · Auto--State Owned	123.12	1,000.00	-876.88	12.3%
5203020 · Auto-Private-Ownes Low Mileage	180.80	400.00	-219.20	45.2%
5203030 · In State-Auto- Priv. High Miles	1,137.38	1,500.00	-362.62	75.8%
5203100 · In State-Lodging	673.75	1,000.00	-326.25	67.4%
5203120 · In State-Incidentalals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not OverNigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNigt	363.00	400.00	-37.00	90.8%
5203220 · OS-Auto Private Low Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	2,167.80	6,000.00	-3,832.20	36.1%
5203280 · OS-Other Public Carrier	101.31	500.00	-398.69	20.3%
5203300 · OS-Lodging	3,322.19	7,800.00	-4,477.81	42.6%
5203320 · OS-Incidentalals to Travel	168.00	450.00	-282.00	37.3%
5203350 · OS-Non-Taxable Meals Overnight	330.00	1,300.00	-970.00	25.4%
5204010 · Subscriptions	563.58	1,000.00	-436.42	56.4%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%

**South Dakota Board of Accountancy**  
**Profit & Loss Budget vs. Actual**  
**July through December 2014**

	Jul - Dec 14	Budget	\$ Over Budget	% of Budget
5204040 · Consultant Fees-Accounting	7,100.00	7,100.00	0.00	100.0%
5204160 · Workshop Registration Fees	2,085.00	6,000.00	-3,915.00	34.8%
5204180 · Computer Services-State	409.50	600.00	-190.50	68.3%
5204181 · Computer Development Serv-State	1,554.60	10,400.00	-8,845.40	14.9%
5204200 · Central Services	4,486.55	7,000.00	-2,513.45	64.1%
5204220 · Equipment Service & Maintenance	23.77	300.00	-276.23	7.9%
5204230 · Janitorial/Maintenance Services	737.16	1,560.00	-822.84	47.3%
5204340 · Computer Software Maintenance	686.60	1,500.00	-813.40	45.8%
5204360 · Advertising-Newspapers	938.33	1,000.00	-61.67	93.8%
5204440 · Newsletter Publishing	444.00	1,100.00	-656.00	40.4%
5204460 · Equipment Rental	1,550.00	4,000.00	-2,450.00	38.8%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	7,616.70	15,234.00	-7,617.30	50.0%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	1,502.50	2,800.00	-1,297.50	53.7%
5204540 · Electricity	311.42	865.00	-553.58	36.0%
5204560 · Water	67.05	240.00	-172.95	27.9%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	3,782.00	5,500.00	-1,718.00	68.8%
5205020 · Office Supplies	115.36	2,000.00	-1,884.64	5.8%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	114.00	1,000.00	-886.00	11.4%
5205330 · Supplemental Publications	667.50	700.00	-32.50	95.4%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	1,927.52	2,000.00	-72.48	96.4%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	1,786.62	4,800.00	-3,013.38	37.2%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	2,110.46	7,400.00	-5,289.54	28.5%
5228030 · Depreciation Expense	5,029.38	12,070.40	-7,041.02	41.7%
<b>Total Expense</b>	<b>116,910.66</b>	<b>257,195.40</b>	<b>-140,284.74</b>	<b>45.5%</b>
<b>Net Ordinary Income</b>	<b>82,673.12</b>	<b>-52,725.40</b>	<b>135,398.52</b>	<b>-156.8%</b>
<b>Net Income</b>	<b>82,673.12</b>	<b>-52,725.40</b>	<b>135,398.52</b>	<b>-156.8%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
December 2014

	<u>Dec 14</u>	<u>Dec 13</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	200.00	300.00	-100.00	-33.3%
4293552 · Certificate Renewals-Inactive	0.00	50.00	-50.00	-100.0%
4293554 · Initial Firm Permits	150.00	0.00	150.00	100.0%
4293555 · Firm Permit Renewals	50.00	0.00	50.00	100.0%
4293557 · Initial Audit	30.00	60.00	-30.00	-50.0%
4293558 · Re-Exam Audit	270.00	360.00	-90.00	-25.0%
4293561 · Late Fees-Certificate Renewals	0.00	50.00	-50.00	-100.0%
4293564 · Late Fees-Peer Review	200.00	100.00	100.00	100.0%
4293566 · Firm Permit Owners	1,690.00	0.00	1,690.00	100.0%
4293567 · Peer Review Admin Fee	300.00	225.00	75.00	33.3%
4293568 · Firm Permit Name Change	25.00	0.00	25.00	100.0%
4293569 · Initial FAR	60.00	90.00	-30.00	-33.3%
4293570 · Initial REG	60.00	30.00	30.00	100.0%
4293571 · Inital BEC	60.00	0.00	60.00	100.0%
4293572 · Re-Exam FAR	330.00	210.00	120.00	57.1%
4293573 · Re-Exam REG	300.00	30.00	270.00	900.0%
4293574 · Re-Exam BEC	210.00	150.00	60.00	40.0%
<b>Total Income</b>	<u>3,935.00</u>	<u>1,655.00</u>	<u>2,280.00</u>	<u>137.8%</u>
<b>Gross Profit</b>	3,935.00	1,655.00	2,280.00	137.8%
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	3,906.00	1,805.60	2,100.40	116.3%
5101020 · P-T/Temp Emp Sal & Wages	2,041.69	1,365.31	676.38	49.5%
5101030 · Board & Comm Mbrs Fees	240.00	0.00	240.00	100.0%
5102010 · OASI-Employer's Share	454.48	230.80	223.68	96.9%
5102020 · Retirement-ER Share	347.31	190.26	157.05	82.5%
5102060 · Health /Life Ins.-ER Share	1,437.00	908.64	528.36	58.2%
5102080 · Worker's Compensation	3.58	4.12	-0.54	-13.1%
5102090 · Unemployment Insurance	2.68	1.02	1.66	162.8%
5204180 · Computer Services-State	0.00	72.00	-72.00	-100.0%
5204181 · Computer Development Serv-State	0.00	822.00	-822.00	-100.0%
5204200 · Central Services	1,659.38	1,967.58	-308.20	-15.7%
5204220 · Equipment Service & Maintenance	0.00	3.27	-3.27	-100.0%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
5204340 · Computer Software Maintenance	564.10	0.00	564.10	100.0%
5204460 · Equipment Rental	71.00	57.00	14.00	24.6%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	260.14	281.73	-21.59	-7.7%
5204540 · Electricity	60.70	68.03	-7.33	-10.8%
5204560 · Water	22.35	0.00	22.35	100.0%
5204740 · Bank Fees and Charges	53.37	87.82	-34.45	-39.2%
5205020 · Office Supplies	0.00	49.99	-49.99	-100.0%
5205320 · Printing/Duplicating/Binding Co	21.00	13.80	7.20	52.2%
5207900 · Computer Hardware	1,544.00	0.00	1,544.00	100.0%
5228000 · Operating Transfers Out-NonBudg	204.22	494.67	-290.45	-58.7%
5228030 · Depreciation Expense	0.00	1,005.86	-1,005.86	-100.0%
<b>Total Expense</b>	<u>14,285.31</u>	<u>10,821.81</u>	<u>3,463.50</u>	<u>32.0%</u>
<b>Net Ordinary Income</b>	<u>-10,350.31</u>	<u>-9,166.81</u>	<u>-1,183.50</u>	<u>-12.9%</u>
<b>Net Income</b>	<u><u>-10,350.31</u></u>	<u><u>-9,166.81</u></u>	<u><u>-1,183.50</u></u>	<u><u>-12.9%</u></u>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
 July through December 2014

	Jul - Dec 14	Jul - Dec 13	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	1,500.00	1,600.00	-100.00	-6.3%
4293551 · Certificate Renewals-Active	57,450.00	56,450.00	1,000.00	1.8%
4293552 · Certificate Renewals-Inactive	20,050.00	19,750.00	300.00	1.5%
4293553 · Certificate Renewals-Retired	970.00	820.00	150.00	18.3%
4293554 · Initial Firm Permits	600.00	200.00	400.00	200.0%
4293555 · Firm Permit Renewals	14,060.00	13,750.00	310.00	2.3%
4293557 · Initial Audit	270.00	240.00	30.00	12.5%
4293558 · Re-Exam Audit	1,170.00	1,320.00	-150.00	-11.4%
4293560 · Late Fees-Initial Certificate	0.00	150.00	-150.00	-100.0%
4293561 · Late Fees-Certificate Renewals	2,600.00	2,050.00	550.00	26.8%
4293563 · Late Fees-Firm Permit Renewals	300.00	700.00	-400.00	-57.1%
4293564 · Late Fees-Peer Review	450.00	750.00	-300.00	-40.0%
4293566 · Firm Permit Owners	91,555.00	87,300.00	4,255.00	4.9%
4293567 · Peer Review Admin Fee	750.00	900.00	-150.00	-16.7%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	0.0%
4293569 · Initial FAR	570.00	450.00	120.00	26.7%
4293570 · Initial REG	270.00	90.00	180.00	200.0%
4293571 · Initial BEC	300.00	180.00	120.00	66.7%
4293572 · Re-Exam FAR	840.00	1,050.00	-210.00	-20.0%
4293573 · Re-Exam REG	1,080.00	990.00	90.00	9.1%
4293574 · Re-Exam BEC	1,020.00	1,050.00	-30.00	-2.9%
4491000 · Interest and Dividend Revenue	3,578.78	5,207.41	-1,628.63	-31.3%
4896021 · Legal Recovery Cost	100.00	0.00	100.00	100.0%
<b>Total Income</b>	<b>199,583.78</b>	<b>195,097.41</b>	<b>4,486.37</b>	<b>2.3%</b>
<b>Gross Profit</b>	<b>199,583.78</b>	<b>195,097.41</b>	<b>4,486.37</b>	<b>2.3%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	24,476.02	23,967.24	508.78	2.1%
5101020 · P-T/Temp Emp Sal & Wages	15,196.41	10,771.94	4,424.47	41.1%
5101030 · Board & Comm Mbrs Fees	2,340.00	1,860.00	480.00	25.8%
5102010 · OASI-Employer's Share	3,032.75	2,714.29	318.46	11.7%
5102020 · Retirement-ER Share	2,350.76	2,084.35	266.41	12.8%
5102060 · Health /Life Ins.-ER Share	11,855.25	8,177.76	3,677.49	45.0%
5102080 · Worker's Compensation	23.84	45.15	-21.31	-47.2%
5102090 · Unemployment Insurance	17.88	11.15	6.73	60.4%
5203010 · Auto--State Owned	123.12	296.96	-173.84	-58.5%
5203020 · Auto-Private-Ownes Low Mileage	180.80	180.80	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	1,137.38	694.86	442.52	63.7%
5203100 · In State-Lodging	673.75	350.00	323.75	92.5%
5203120 · In State-Incidentals to Travel	10.00	0.00	10.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	215.00	148.00	68.8%
5203260 · OS-Air Commercial Carrier	2,167.80	2,264.94	-97.14	-4.3%
5203280 · OS-Other Public Carrier	101.31	0.00	101.31	100.0%
5203300 · OS-Lodging	3,322.19	2,293.52	1,028.67	44.9%
5203320 · OS-Incidentals to Travel	168.00	100.00	68.00	68.0%
5203350 · OS-Non-Taxable Meals Overnight	330.00	315.00	15.00	4.8%
5204010 · Subscriptions	563.58	235.93	327.65	138.9%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	7,100.00	0.00	7,100.00	100.0%
5204160 · Workshop Registration Fees	2,085.00	1,090.00	995.00	91.3%
5204180 · Computer Services-State	409.50	441.00	-31.50	-7.1%
5204181 · Computer Development Serv-State	1,554.60	5,784.30	-4,229.70	-73.1%
5204200 · Central Services	4,486.55	3,863.86	622.69	16.1%
5204220 · Equipment Service & Maintenance	23.77	37.00	-13.23	-35.8%
5204230 · Janitorial/Maintenance Services	737.16	737.16	0.00	0.0%
5204340 · Computer Software Maintenance	686.60	0.00	686.60	100.0%
5204360 · Advertising-Newspapers	938.33	0.00	938.33	100.0%
5204440 · Newsletter Publishing	444.00	0.00	444.00	100.0%
5204460 · Equipment Rental	1,550.00	1,536.00	14.00	0.9%
5204490 · Rents Privately Owned Property	7,616.70	7,616.70	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%
5204530 · Telecommunications Services	1,502.50	1,650.08	-147.58	-8.9%
5204540 · Electricity	311.42	324.76	-13.34	-4.1%



**South Dakota Board of Accountancy**  
**PREVIOUS YEAR TO DATE MONTHLY COMPARISON**  
 July through December 2014

	<u>Jul - Dec 14</u>	<u>Jul - Dec 13</u>	<u>\$ Change</u>	<u>% Change</u>
5204560 · Water	67.05	22.35	44.70	200.0%
5204740 · Bank Fees and Charges	3,782.00	3,549.76	232.24	6.5%
5204960 · Other Contractual Services	0.00	724.50	-724.50	-100.0%
5205020 · Office Supplies	115.36	172.71	-57.35	-33.2%
5205320 · Printing/Duplicating/Binding Co	114.00	85.95	28.05	32.6%
5205330 · Supplemental Publications	667.50	387.50	280.00	72.3%
5205350 · Postage	1,927.52	0.00	1,927.52	100.0%
5207900 · Computer Hardware	1,786.62	-238.63	2,025.25	848.7%
5228000 · Operating Transfers Out-NonBudg	2,110.46	2,031.45	79.01	3.9%
5228030 · Depreciation Expense	5,029.38	6,035.16	-1,005.78	-16.7%
<b>Total Expense</b>	<u>116,910.66</u>	<u>95,830.50</u>	<u>21,080.16</u>	<u>22.0%</u>
<b>Net Ordinary Income</b>	<u>82,673.12</u>	<u>99,266.91</u>	<u>-16,593.79</u>	<u>-16.7%</u>
<b>Net Income</b>	<u><u>82,673.12</u></u>	<u><u>99,266.91</u></u>	<u><u>-16,593.79</u></u>	<u><u>-16.7%</u></u>

**REPORT TO BOARD ON NASBA ED/LEGAL COUNSEL CONFERENCE**

Nicole Kasin

The NASBA Executive Directors Conference will be held in Tampa, FL, March 24-26, 2015. The NASBA Legal Counsel Conference will be held in Tampa, FL March 24-26 , 2015.

This is a request for the Board to approve travel for the Executive Director and Legal Counsel to attend the conference.



National Association of State Boards of Accountancy

## **32ND ANNUAL CONFERENCE FOR EXECUTIVE DIRECTORS AND BOARD STAFF**

March 24 – 26, 2015  
Tampa, Florida

### AGENDA

#### Tuesday, March 24, 2015

- 9:00 am – 1:00 pm    **Executive Directors Committee Meeting**  
*(Committee Members Only)*
- 1:00 – 2:00 pm    **Registration**
- 2:00 – 2:15 pm    **Welcome**
- 2:15 - 5:00 pm    **Board and Society Relations** (joint session with State Society CEOs)
- Legislative Cooperation
  - State Board Nomination Process
  - Impact of Marijuana Laws on Profession
  - Communications
- 6:00 – 8:00 pm    **Welcome Reception**

#### Wednesday, March 25, 2015

- 8:00 – 9:30 am    **Table Topics Breakfast** (joint session with State Society CEOs)
- Practice Analysis**
- Discussion Leader:    Joe Maslott, AICPA
- Federal Agency Referrals /Agency Outreach Update**
- Discussion Leader:    Colleen Conrad, Executive Vice President & COO  
NASBA



Speakers: Brentni Henderson-King, Manager  
NASBA

**3:00 – 3:30 School Performance based on Accreditation**

Moderator: Jimmy Corley, CPA, Executive Director  
Arkansas Board of Accountancy

Speakers: James Suh, Director  
NASBA

**3:30 – 3:45 pm Break**

**3:45 – 4:00 pm NASBA Technology Update**

Moderator: Wade Jewell, Executive Director  
Virginia Board of Accountancy

Speakers: Cheryl Farrar, CTO  
NASBA

**4:00 – 4:15 pm NASBA RFP Assistance Update**

Moderator: Wade Jewell, Executive Director  
Virginia Board of Accountancy

Speakers: Ed Barnicott, VP  
NASBA

**4:15 – 4:30 pm ALD Update**

Moderator: Wade Jewell, Executive Director  
Virginia Board of Accountancy

Speaker:

**4:30 – 5:00 pm Q& A Session from Roll Call Materials/ New EDs**

Moderator: Russ Friedewald, Executive Director  
Illinois Board of Examiners

5:00 pm **Recess**

**Thursday, March 26, 2015**

8:00 – 9:30 am **Table Topics Breakfast** (continued from Tuesday)

9:30 – 10:00 am **Update on Uniform CPA Examination**

Moderator: Ofelia Duran, Executive Director  
Colorado Board of Accountancy

Speakers: Michael Decker  
AICPA

Kimberly Farace  
Prometric

Patricia Hartman  
NASBA

10:00 – 10:30 am **Accounting Education**

Moderator: Russ Friedewald, Executive Director  
Illinois Board of Examiners

Speakers: Bill Ezzell

10:30 – 10:45 am **Break**

10:45 – 11:15 am **Legislative Update**

Moderator: Mark Crocker, CPA, Executive Director  
Tennessee Board of Accountancy

Speakers: John Johnson, Director, Legislative And Governmental Affairs  
NASBA

11:15 – 11:45 am **Impact and Implementation of NANO Learning on CPE**

Moderator: Pamela Ivey, Executive Director  
Wyoming Board of Accountancy

Speakers: John Patterson, Executive Director  
Accountancy Board of Ohio

11:45 – 1:00 pm **Recognition Lunch**

Presiding: Mark Crocker, CPA  
Tennessee State Board of Accountancy

1:00 – 1:15 pm **Report from Legal Counsel**

Moderator: Ofelia Duran, Executive Director  
Colorado Board of Accountancy

Speaker: Stacey Grooms  
Manager Regulatory Affairs, NASBA

1:15 – 1:45 pm **Communications/Social Media**

Moderator: Ofelia Duran, Executive Director  
Colorado Board of Accountancy

Speaker: Kelly Anderson  
Virginia Board of Accountancy

Wade Jewell, Executive Director  
Virginia Board of Accountancy

1:45 – 2:15 pm **Standard Setters Update**

Moderator: Doris Cubitt, CPA, Executive Director  
South Carolina Board of Accountancy

Speakers: Gaylen Hansen

2:15 – 2:30 pm **Break**

2:30 – 4:30 pm **Breakout Sessions (Closed Session)**  
**Executive Directors (only)**

Moderator: Russ Friedewald, Executive Director  
Illinois Board of Examiners

**Board Staff (only)**

Moderator: Tia France, Deputy Director  
Illinois Board of Examiners

4:30 – 5:00 pm **Q & A Session with NASBA Leadership (Closed Session)**

Presiding: Russ Friedewald, Executive Director  
Illinois Board of Examiners

5:00 pm      **Adjourn**

6:30          **Gala**

**Friday, March 27, 2015**

9:00 am – 12:00 pm    **Executive Directors Committee Meeting**  
*(Committee Members Only)*



March 24 – 26, 2014  
Tampa, Florida

AGENDA

Tuesday, March 24, 2015

- 1:00 - 2:00 pm      **Registration**
- 2:00 - 5:00 pm      **Roll Call**
- 6:00 – 8:00 pm      **Welcome Reception**

Wednesday, March 25, 2015

- 8:00 – 9:30 am      **Roll Call**
- 9:30 – 9:45 am      **Welcome** (with Executive Directors)  
Presiding: *Russ Friedewald, Executive Director  
Illinois Board of Examiners*
- 9:45 – 10:15 am      **NASBA Report** (with Executive Directors)  
Moderator: *Russ Friedewald, Executive Director  
Illinois Board of Examiners*
- Speakers: *Walter Davenport, CPA  
Chair, NASBA*
- Ken L. Bishop  
President & CEO, NASBA*
- 10:15 – 10:30      **Break**
- 10:30 – 11:15 am      **Work Product vs. Client Records (i.e. Quickbooks)**  
Speaker: *Frank Trainor  
North Carolina State Board of Accountancy*
- 11:15 – 12:00 pm      **Case Law Update**  
Speaker: *Noel Allen  
Allen, Pinnix & Nichols, PA*
- 12:00 – 1:30 pm      **Lunch**

- 1:30 – 2:15 pm      **Review of the Revisions to the Standards and CPE Model Rules**  
 Speaker:    *Maria Caldwell*  
                   *Chief Legal Office & Director of Compliance Services, NASBA*
- 2:15 – 3:30 pm      **Fifth Amendment Considerations**  
 Speaker:    *Andrew R. Rogers*  
                   *South Carolina Dept. of Labor, Licensing, & Regulations*
- 3:30 – 3:45 pm      **Break**
- 3:45 – 5:15          **Financial Statements Are Written Confessions**  
 Speaker:    *Darrell Dorrell, Principal*  
                   *financialforensics*
- 5:15 pm              **Recess**

**Thursday, March 26, 2015**

- 8:00 – 8:30 am      **Roll Call (continued)**
- 8:30 - 10:15 am      **Update on Federal Agency and AICPA Enforcement Coordination**  
 Speaker:    *Maria Caldwell, Chief Legal Officer*  
                   *NASBA*
- Lisa Snyder, Director*  
                                   *AICPA*
- 10:15 - 10:30am      **Break**
- 10:30 - 11:30 am      **Ethics for Attorneys**  
 Speaker:    *TBD*
- 11:45 – 1:00 pm      **Recognition Lunch**  
 Presiding:    *Mark Crocker*  
                   *Tennessee State Board of Accountancy*
- 1:15 – 2:45 pm      **Behavioral Detection & Facial Mapping**  
 Speaker:    *Darrell Dorrell, Principal*  
                   *financialforensics*
- 2:45 – 3:00 pm      **Break**
- 3:00 – 4:00 pm      **Blitzkrieg Report Writing**  
 Speaker:    *Darrell Dorrell, Principal*  
                   *financialforensics*

4:00 – 4:30

**Roll Call (continued)**

4:30 pm

**Adjourn**

6:30

**Gala**

## REPORT TO BOARD ON GRADES

Nicole Kasin

The grades were posted for review for the 43<sup>rd</sup> window. These grades are through December 2014. I have included the average scores per school since CBT started along with the number of students that have sat for their school respectively. The last chart shows the averages for the past 8 windows.

Overall Average Window 1-43

Window	(All)
--------	-------

Average of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	
Augie	75	72	73	74	73
BHSU	71	71	70	72	71
COTech	66	70	70	75	70
DSU	70	70	63	68	68
DWU	70	67	62	76	69
Mt. Marty	66	69	72	68	68
NAU	67	63	64	68	65
NSU	72	70	73	70	71
OS	74	72	70	73	72
SDSU	73	74	76	77	75
USD	77	75	75	75	75
USF	73	74	73	77	74
Grand Total	73	72	72	73	73

Students per section per school since CBT Began (3 or more parts)

Window	(All)
--------	-------

Count of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	
Augie	71	78	67	83	299
BHSU	95	97	74	78	344
COTech	22	19	13	13	67
DSU	15	15	15	12	57
DWU	15	12	12	11	50
Mt. Marty	21	23	14	19	77
NAU	8	15	16	18	57
NSU	86	98	64	80	328
OS	209	215	205	198	827
SDSU	29	31	23	25	108
USD	212	223	214	202	851
USF	65	65	68	47	245
Grand Total	848	891	785	786	3310

Average for past 8 windows (3 or more parts)

Window	(Multiple Items)
--------	------------------

Average of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	
Augie	77	75	76	75	76
BHSU	77	75	70	76	75
COTech	73	72	73	73	73
DSU	61			62	62
DWU	73	71	58	79	70
Mt. Marty	59		71	73	68
NAU	78	73	70	73	73
NSU	75	73	77	72	74
OS	77	76	71	72	74
SDSU	69	82	75	83	76
USD	77	76	76	75	76
USF	71	75	72	77	73
Grand Total	75	75	73	74	74

The Board needs to Approve the 2014-4 (43<sup>rd</sup> Window) grades.

**EXECUTIVE DIRECTOR'S REPORT**

Nicole Kasin

**CPE Audits**

The list of licensees has been selected for CPE audits and letters were sent out to those selected on September 25. The documentation was due in our office no later than October 31, 2014. The following chart shows the status of the audits as of January 16, 2015. Those that have failed the CPE audit have been provided the option of a consent agreement or request a hearing with the Board.

	<b>Selected</b>	<b>Complied</b>	<b>Not Complied</b>	<b>Pending Approval/Failure</b>	<b>Approved CPE Audit</b>	<b>Failed CPE Audit</b>
<b>CPA (Active)</b>	54	54	0	1	48	5
<b>CPA (Active in Firm)</b>	58	58	0	1	56	1

**Proposed Rules**

The proposed rule changes were reviewed by the interim rules review committee on December 16, 2014. The proposed rules were approved and filed with the Secretary of State. The updated rules will be posted online.

**Record Retention and Destruction Schedule Manual**

With the office utilizing electronic document management storage (file director), the manual was updated to reflect the current practices of the office. The State Records Destruction Board met in December and approved the updates to the manual.

**Board Discussion**

- Any New Business/topics?



# Evolving the CPA Profession's Peer Review Program for the Future

*A provocative vision of what practice  
monitoring could become*



REIMAGINE INSPECTION FUTURE  
**PRACTICE MONITORING**  
PEER REVIEW REALTIME CONCEPTUAL  
INSIGHTS  
OVERSIGHT FEEDBACK HUMAN REVIEW ETHICS DASHBOARD  
EXTERNAL MONITORS CONTINUOUS

Released for comment: Dec. 15, 2014  
Feedback due: June 15, 2015

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## Imagine

*It's November 15, 2025. As Leslie begins her day, marking her third anniversary as partner and the first as the firm's quality control partner, she reflects on her clients and the services she has provided them since she began working for her CPA firm just over 10 years ago. She recalls some of her proudest accomplishments. What stands out as most important to her success, and to the success of the firm, is the quality of their client engagements.*

*Leslie reads from her tablet and sees a client update. Her firm's practice monitoring system has analyzed the work papers for the firm's newest audit client. She is pleased to see that a flag previously raised has been cleared by the manager on the job, and that the resolution was a simple documentation issue rather than a failure to perform a key audit procedure. The update indicates no additional problems were found following the engagement partner's review of the work papers. She approves the update via voice command and the firm's standard audit opinion letter is tailored for the client and routed to the engagement partner.*

*Leslie has heard stories from her retired partners of the time when information relating to the quality of the firm and its performance was more challenging to assess, difficult to obtain and, far too often, out of date. Her firm's practice monitoring system has enabled her to more easily evaluate quality in the audits performed by the firm and to better serve the public interest. Leslie can't imagine how CPA firms could operate without monitoring tools. Especially as clients consistently remark that the system's transparency provides their senior management with additional assurance that the firm's commitment to quality is pervasive.*

Leslie's scenario is visionary, but it offers CPAs a way to imagine now how firms could operate, and benefit from, a practice monitoring system with a futuristic view. The concept is an ongoing, near-real time process that reflects the renewed emphasis that technology, risk management, and timely transparent results are having on firms, our profession and the worldwide business community.

## Introduction

CPAs take pride in their long-standing commitment to excellence. That commitment includes continued vigilance in delivering accounting and auditing services and protecting the public interest.

In the current business environment, the rapid pace of change is driving complexity and that trend is not likely to abate. Increased complexity presents challenges to practitioners in public accounting as they strive to continually perform high-quality financial statement audits of private entities<sup>1</sup>.

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<sup>1</sup> For the purposes of this paper, "private entities" refers to all non-SEC registrants, including but not limited to not-for-profit organizations, employee benefit plans and governmental entities.

To preserve their prominent and respected role in the business community, CPAs must, and will, meet and overcome these challenges.

With that in mind, in May 2014 the American Institute of CPAs (AICPA) launched its Enhancing Audit Quality (EAQ) initiative. EAQ is a holistic effort to consider auditing of private entities through multiple touch points, especially where quality issues have emerged. The goal is to align the objectives of all audit-related AICPA efforts to improve audit performance.

EAQ is intended to be implemented through a multi-phased approach. The initial phase involves planned and proposed efforts that will begin to improve quality in the near term. Some of these efforts have already been approved by appropriate AICPA boards or committees and are under way, while others are ideas for exploration and comment. The vision for the long term focuses on the transformation of the current peer review program into a practice monitoring process that marries technology with human oversight.

This paper provides a closer look at a potential concept for a future phase of EAQ. The concept would transform the current Peer Review Program into Practice Monitoring of the Future.

## **Executive Summary**

The AICPA Peer Review Program (current Program) has represented the profession's ongoing commitment to enhancing the quality of accounting and auditing services for more than 35 years. It has served the public interest, while simultaneously delivering numerous benefits to thousands of CPA firms.

In pursuing continuous improvement in the peer review process, a new approach to practice monitoring, the Practice Monitoring Program (the Concept), is now being considered and this paper seeks feedback on the Concept. As currently envisioned, the Concept would be built on a practice monitoring technology platform (to be developed) and expand on the benefits of the current Program while more fully embracing the ever-greater roles that technological innovation, optimal risk management, and timely transparent results are playing in the delivery of CPA services.

The Concept as currently conceived will change and develop based on the feedback the AICPA receives from this paper. In addition, as technology advances and as the Concept matures based on feedback from pilot firms, the Concept will be continually adjusted and refined.

The vision for this Concept is to increase public protection through enhanced audit effectiveness by:

- Highlighting potential quality risk indicators and detecting engagement issues earlier,
- Reviewing all firms that perform accounting, auditing and attestation engagements, and
- Monitoring all engagements subject to review.

As currently envisioned, the Concept would be powered by five activities:

1. Continuous analytical evaluation of engagement performance
2. Human review when system-identified concerns are raised
3. Involvement of external monitors when necessary
4. Periodic inspection of system integrity
5. Oversight of the system's operating effectiveness

The Concept would cover both internal and external monitoring of firm activities to encompass all accounting, auditing and attestation engagements the firm performs for private entities. The Concept's components and supporting technologies would be scalable, based on the sophistication of a firm's existing monitoring process.

As currently considered, the Concept would be developed and implemented in multiple phases. During the initial phase, a self-monitoring tool for firms would be developed and pilot tested by a select voluntary group of small, medium and large firms. Throughout the pilot, the AICPA would work with the pilot firms and their peer reviewers to consider how to transition the Concept's new tool into a more robust real-time peer review process that would be incorporated into the current Program.

In future phases, once the AICPA integrates the Concept's new tool into the current Program, the AICPA would seek to transition the Concept from voluntary to mandatory participation for all firms, eventually replacing the current Program. The Concept would also provide a means for external stakeholders, such as potential clients, users of financial statements and regulators to understand the quality level of the firm's accounting, auditing and attestation services. Potentially different information from the tool could be made accessible based on the specific stakeholder's authorization privileges, needs, knowledge base and association with the firm.

During all phases, a dashboard would provide internal users with a snapshot of the status of the firm's engagement activities and compliance with performance metrics, defined as engagement quality indicators (EQIs), over the various areas subject to monitoring. Each area would be continuously updated and individually rated, giving each firm an instant compliance snapshot. As currently conceived, when fully phased in, the cumulative results of the EQIs reflected on the dashboard would generate ratings that would be reported by internal and external electronic displays called Seals.

The Seals would communicate to firm management and external stakeholders the firm's participation in the program, extent of services and certain performance metrics. Depending on various stakeholders' access privileges and security rights, they would be allowed to drill-down beyond the summary information to various levels of additional firm-related information. The firm would be provided time to remedy any system-identified failures to meet performance metrics before the information is viewable by any other users.

Through its advanced technology and enhanced internal monitoring capability, the Concept is expected to drive increased audit quality and effectiveness. These enhancements would provide heightened value to the firm and its stakeholders through increased transparency, with additional external monitoring to enhance the reliability of shared results.

This paper discusses and seeks feedback on the Concept and is intended to generate input for the AICPA as the Concept is further developed and refined. Stakeholders may comment by emailing [prsupport@aicpa.org](mailto:prsupport@aicpa.org) or through the [AICPA Community website](http://aicpa.org/futurepracticemonitoring) (aicpa.org/futurepracticemonitoring). The comment period will end on June 15, 2015. As the Concept evolves, stakeholders will have additional opportunities to provide input, with formal exposure drafts issued before any significant changes are made to the existing Peer Review Program.

## **AICPA Practice Monitoring of the Future**

The AICPA Peer Review Program has represented the profession's ongoing commitment to enhancing the quality of accounting, auditing and attestation services for more than 35 years. It has been serving the public interest by upholding this commitment, while also delivering full-scale benefits to thousands of CPA firms. To continue quality improvement, a concept for Practice Monitoring of the Future is now under consideration.

The business and regulatory environment is constantly evolving with significant challenges and unexpected opportunities for CPAs and the individuals and businesses they are committed to serving. The results have impacted the strategies CPA firms use to develop and maintain the highest quality client services. Equally important, these changes have underscored the crucial roles technological innovation, risk detection and avoidance, and transparent timely results are playing in the continued delivery of those services.

### **Background**

After receiving feedback from the AICPA's governing Council in the fall of 2012, the AICPA's Board of Directors formed an exploratory task force to research and develop a new concept for what practice monitoring might look like in the future. The task force represented a cross-section of AICPA membership and included individuals from the smallest to the largest firms with five to 30-plus years of experience in the profession.

Exploratory task force members identified and developed the Concept's fundamental attributes and core functions based on their evaluation of stakeholder needs, identification of challenges to the existing program and understanding of technological advances.

Subsequent task forces have further examined the Concept's merits and are working to address identified challenges, while outlining potential phases, considering potential engagement quality indicators (EQIs) and developing suggestions for potential monitoring tools. The task forces will continue to modify the Concept based on stakeholder feedback.

### **Current Program's Reevaluation and Heightened Effectiveness**

While the Concept fully recognizes and respects the current Program's significant value and contributions, the current Program is being reevaluated in the pursuit of both continuous improvement and re-engineering. The current Program embraces a wide range of positive attributes that extends to the public, participating firms, clients, regulators and the accounting profession. For example, the current Program:

- Identifies and helps correct deficiencies and inefficiencies, and helps firms prevent recurrence
- Terminates or drops firms from the Program when recurring deficiencies are not corrected
- Educates practitioners in the reviewed firm of recent and expected professional standards, and provides opportunities to share best practices

The Concept is designed to improve the current Program (peer reviews scheduled every three years) through (but not limited to):

- Firms' *continuous review* of accounting, auditing and attestation engagements and systems, with quality issues being detected and corrected in near real-time, instead of after the fact
- *Near real-time* firm inspections based on performance, for example
  - If a firm has positive performance with governmental agencies, practice monitoring inspections could decrease over time
  - If a firm has low performance or high-risk engagements, practice monitoring inspections could increase over time
- *Greater consistency* among peer review performance and conclusions, and in Program administration
- *Transparency* of review results to stakeholders
- *Timeliness* in expelling firms that fail to meet Program standards and communication of such occurrences

Our intent is for the Concept to evolve as we learn, with clear objectives to:

- Leverage and incorporate new technologies as they become available
- Enhance overall quality of the profession by constantly moving the audit quality needle in the right direction
- Provide a platform for more timely and effective audit quality oversight
- Protect the public interest by delivering more timely and transparent information to stakeholders (clients and oversight bodies) regarding the quality of a firm's audit performance
- Consider the value of the process and audit quality tool(s) to firms

### **Program Features and Functions**

The Concept, which would be built on a dynamic technology platform, includes the following five activities:

1. **Continuous analytical evaluation** of engagement performance
2. **Human review** when system-identified concerns are raised
3. **Involvement of external monitors**, when necessary
4. **Periodic inspection** of system integrity
5. **Oversight** of the system's operating effectiveness

The Concept would extend to all firms required to be monitored, and encompass all accounting, auditing and attestation engagements performed for private entities by those

firms. The Concept's components and supporting technologies would be scalable, based on the sophistication of a firm's existing monitoring process.

The practice monitoring system underlying the Concept would feed a dashboard that, with continuously updated data, would provide a snapshot of the firm's compliance with EQIs over a full range of measurement areas being monitored. A task force, made up of recognized practitioners and leaders in audit quality and technology, has considered available research on key accounting, auditing and attestation quality indicators, and is considering potential EQIs to understand how the Concept might be executed. Additionally, the intent is to constantly update these EQIs as this Concept is rolled out and as experience is gained through firm, peer review and other stakeholder feedback.

#### *Continuous Analytical Evaluation, Human Review and Involvement*

As currently contemplated, the Concept's *continuous analytical evaluation* element would track the firm's system of quality control as well as the performance of engagements throughout their lifecycles – from engagement acceptance, through completion – with internal flags issued whenever the firm may need to address quality issues.

The firm and engagement data would be input both manually and electronically into the practice monitoring tool, with more of that data flowing electronically over time as technology and software advances allow. It is anticipated that electronic data would be supplied by other firm systems, such as commercial audit engagement applications, human resource systems and learning management systems. The integration of these systems over time should also offer greater assurance that the monitored firm is supplying external monitors with a complete list of engagements and other necessary data.

The *continuous analytical evaluation* element would feature an ongoing technology-driven risk identification process that would analyze the firm and engagement data against EQIs and produce flags that notify the firm when performance is falling outside expected metrics.

Those flags would allow the firm to evaluate and remedy situations that could potentially result in lower quality engagements, before the engagement is even completed, thus enhancing engagement and firm quality.

The *human review and involvement* elements of the Concept would involve monitors engaged by the AICPA (AICPA-engaged practice monitors). As currently imagined, the first level of monitoring would occur within the firm, and tools would notify the firm prior to or during engagement of potential quality risks or engagement issues as identified by the AICPA through its best practice research.

A notification would lead to two potential external interactions. At the first level, AICPA-engaged practice monitors would be automatically notified if the firm fails to appropriately address the risks or issues flagged by the system in a timely manner. Once notified, the AICPA-engaged monitors would have visibility of the areas flagged, and would contact the firm to provide feedback and assistance.

A subsequent level of monitoring would be performed by the firm's external monitoring team and would occur only if the firm, after being contacted by the AICPA-engaged practice monitor, fails to appropriately address the risks or issues. This team's members would consist of a team captain and additional CPA specialists (similar to the current Program's peer review team). In addition, the firm's external monitoring team would conduct periodic inspections of the firm's system of quality control, including the use of practice monitoring technology and other resources within the firm.

### *Periodic Inspections and Oversight*

As currently contemplated, *periodic inspections* would continue under the Concept, with the length of time between inspections varying based on a number of different factors, including but not limited to, engagement risk profiles, robustness and frequency of internal monitoring and presence of external inspections by governmental agencies. For example, firms that effectively monitor engagement performance during the *continuous analytical evaluation* element of the Concept and, if applicable, have performed well under other government agency inspection programs, may be inspected less frequently than they are under the current Program. Conversely, the time period between engagement reviews would be considerably shorter for firms with frequent unresolved or delayed quality-related issues or those that maintain a high-risk profile of engagements.

*Periodic inspections* would focus strongly on system controls and data integrity, while continuing to evaluate compliance with applicable professional standards. Compliance tests would also be performed to determine whether any firm employees have circumvented the monitoring system.

To attain the highest level of performance by both AICPA-engaged and external monitors, an *oversight* program would be incorporated into the Concept as the Concept moves into future phases. The aspects for oversight would be developed in future phases.

## **Phased Approach**

The Concept's vision would be implemented through a multi-phased approach. A task force is developing a potential framework for the initial phase:

### **Initial Phase**

The vision for the initial phase would include developing and launching a voluntary monitoring tool that would be used internally by a firm to highlight potential risk areas within its system of quality control which, if corrected promptly, could lead to enhanced quality. This would not replace the current Program (i.e., the existing Peer Review Program would continue to be in place for all firms during this time).

EQIs would form the basis for the quality control assessment, and would be developed leveraging, to the extent appropriate for private company practices, the work already done by the Public Company Accounting Oversight Board (PCAOB), Center for Audit Quality (CAQ) and the International Auditing and Assurance Standards Board (IAASB).

The monitoring tool would be piloted by a select group of small, medium and large firms for usability, usefulness and accuracy.

Throughout the pilot, the AICPA would work closely with the pilot firms and their peer reviewers to consider how to transition the Concept's new tool into a more robust real-time peer review process that would be incorporated into the current Program. Based on the pilot's findings, EQIs may be expanded, modified or deleted. Changes would be made based on feedback from the firms and the peer reviewers as to which indicators are more valuable for highlighting problem areas and improving quality.

### **Future Phases**

Future phases of the Concept would be based on an in-depth analysis and review of the feedback from the pilot as well as feedback from members and other stakeholders on this Concept paper and other findings. Future phases would also incorporate the latest technological advances.

The vision for future phases is to gradually transition from fully voluntary to mandatory participation, to constantly increase the use of electronic data as it becomes available, and to expand the visibility of the results from internal only to external, including all stakeholders. The evolution of technology, its reliability and its accuracy will be the major determinants as to the degree of automation versus human involvement in this process, with human involvement critical to, and remaining a constant factor in, the process. The framework should leverage technological advancements to more efficiently and effectively monitor quality in the future.

Input from stakeholders will be critical for the evolution of the Concept, with formal exposure drafts issued prior to any significant changes being made to the existing Peer Review Program.

### **Internal and External Reporting**

As currently envisioned, the Concept's system would provide three levels of reporting visibility: dashboard, internal Seal and external Seal. User access privileges and security rights would be defined and would determine the amount of detail that could be viewed in each level. Development of this reporting will include input from firms and stakeholders to ensure the appropriate balance.

### **Dashboard**

As currently conceptualized, the dashboard is intended to provide a snapshot of the firm's compliance with performance metrics over the various areas subject to monitoring. Each dashboard measurement area would have a number of subcategories that can be reviewed further and in greater detail.

Authorized firm practitioners, AICPA-engaged and external monitors would be set up with specific privileges to view and access relevant information as defined by the program, and potentially granted access to greater detailed levels of data, such as by office, partner or specific engagement when those access rights are granted by the firm. Possible measurement areas would include:

- *Firm*: A summary of firm inspections, investigations and information about the use of professional standards resources by the firm.



- *Firm Staff*: Quality-related details on staff, such as CPE records, chargeable hours supporting specific industries or types of work under inspection, specialties, and degree of practice-management responsibility. This area would assist the firm quality control personnel in identifying individuals who may present additional risks to engagement quality.
- *Engagement*: Flagged engagements that may pertain to the firm's impacted system of quality control (below). Users could also investigate the specific problems and add comments that address the flag's significance.
  - Relevant ethical requirements
  - Acceptance and continuance
  - Human resources
  - Engagement performance
- *Firm Profile*: Summary of the firm's monitored information, such as numbers of engagements with unresolved flags and firm-wide flags.

For each measurement area, the system would analyze both electronic and manual data inputs and flag potential risks to engagement quality.

Ratings would be updated as performance measures change. Also, with the appropriate links to other systems, the firm would be able to identify situations driving any flags. Firm staff could then remedy the issue causing the flag, or alternatively, firm leadership could comment on mitigating factors that explain why remediation is not necessary, thus allowing flags to be turned off by appropriate firm personnel.

The dashboard's metrics and flags for each measurement area would be keys to providing the greatest near real-time awareness of potential problem areas that need to be addressed. It is expected that information from the dashboard would be carefully analyzed for its reliability and relevance, fine-tuned and refined through this phased approach, to ultimately provide the data required to generate internal and external Seals.

### **Internal Seal**

An internal Seal would simply and visually display a high-level status of the firm's overall performance measures to the firm's quality control and executive management. The firm's senior partners would monitor this internally, and at any time easily access the dashboard for greater details about the individual factors impacting the current display of the Seal. Ultimately, the goal of the Seal would be to increase the effectiveness of the firm's system of quality control in performing accounting, auditing and attestation engagements.

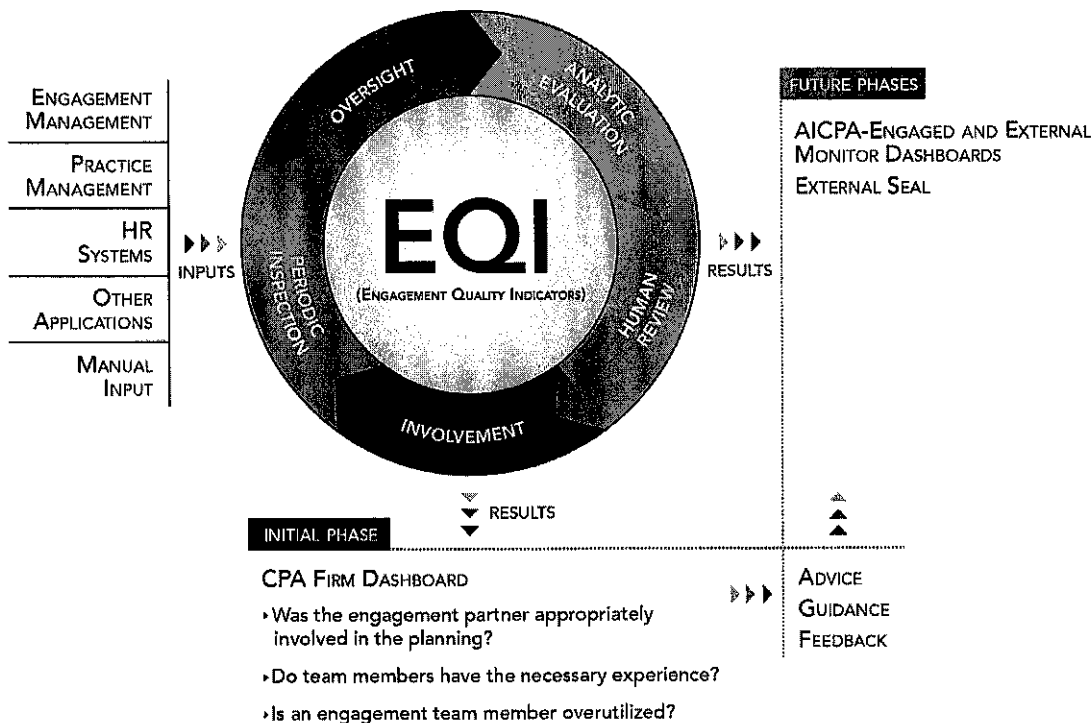
### **External Seal**

An external Seal, also supported by the dashboard, would serve as a means of communicating the following quality-related information to the public through the AICPA and, if desired, the firm's website:

- Firm participation in the program
- Extent of the firm's service level, e.g., compilations, reviews or audits
- Firm compliance level with quality control standards in all material respects
- Additional firm information and firm practices subject to monitoring

The external Seal would appear in the firm's profile on the AICPA website. The firm would be provided time to remedy any system-identified failures to meet performance metrics before the information is viewable by any other users. User access to underlying information would depend on the individual/audience viewing the Seal and their security rights. For example, regulators may have a wider view of firm demographics and a more detailed explanation of Seal criteria than the general public.

## THE PRACTICE MONITORING OF THE FUTURE CONCEPT



## **Increased Engagement Effectiveness and Firm Efficiencies**

As currently considered, the Concept's advanced technology and enhanced monitoring capabilities would serve the public interest through increased accounting, auditing and attestation effectiveness, while creating value for CPA firms through greater efficiencies:

- Increased transparency for stakeholders through the external Seal, expected to provide more timely and enhanced information on the quality of monitored services.
- Improved detection and remediation of risks to quality which will allow firms to quickly launch reparative measures as needed, expected to result in higher quality and more efficient engagements, and lower remediation costs.
- Useful data captured by the system to quickly develop up-to-date accounting, auditing and attestation training and improvement tools.
- Enhanced engagement monitoring of, and faster delivery of information for, firms that may not have already developed a robust quality control system due to resource constraints.
- A more efficient, effective and near-real time monitoring and inspection process built on factors other than the passage of time.
- Stronger focus on factors that impact engagement quality, to support improved identification of the systemic cause of a deficiency.
- Ability, through the technology platform, to more easily and strategically identify and plan the number and needed expertise of staff.

Through the increased efficiencies and effectiveness described above, the Concept will promote accounting, auditing and attestation quality and further protect the public interest.

## **Looking Ahead**

Driven by stakeholder feedback throughout each phase, including input on this Concept paper, the focus on the Concept's evolution, particularly with regard to regulatory compliance, technology development and legal review, continues.

## **Regulatory Compliance**

With the current Program included as a practice requirement in federal and state laws and regulations, various statutes, regulations and standards may require revision to allow future periodic inspections envisioned in the Concept to replace the current Program. The Concept's acceptance by applicable regulators will be essential to its adoption and implementation.

## Technology

Based on preliminary discussions with major software developers, the Concept's vision is considered technologically feasible. The phased approach would provide for technological advances to be incorporated through all stages of the monitoring tool's evolution.

## Legal Review

AICPA Legal counsel has been engaged and will continue to be involved in the development of the Concept as it evolves, to identify and assist in mitigating any legal concerns.

## Stakeholder Feedback

To date, select groups of stakeholders have been consulted and asked to provide feedback on the Concept, which has been considered throughout the process and will continue to be sought as the Concept evolves.

Feedback is integral to the progress of the Concept, and is both welcome and encouraged. The Concept will inevitably change and constructive input will positively influence its evolution.

As with the recent discussion paper on Enhancing Audit Quality, we encourage you to participate in the dialogue. Though we are not necessarily seeking specific answers, please consider the following questions when formulating your views and ideas. Although it will change, assume the Concept has been implemented as described when providing feedback.

- What engagement quality indicators would you find useful from an internal firm perspective?
- What would you like to know about your firm's practice in order to self-monitor and manage quality?
- What risks do you see in developing a more real-time system?
- Who should "monitor" or perform the review?
  - A reviewer engaged by the firm (similar to the current Program)
  - A peer selected and assigned or recommended by the Concept's system (best match based on certain criteria)
  - An inspector selected or assigned by an independent body
  - A combination of peer(s) and inspectors, based on firm profile or risk factor
  - Some other means (please elaborate)
- How should the firm rating display via an external/public Seal?
  - The same as the current Program's reporting model (Pass, Pass With Deficiencies or Fail)
  - A numerical scale (100, 92, 88, 75, etc.)
  - A lettering system (A, B, C, D, F)
  - Some other means (please elaborate)

- Considering the technological and manual processes you have in place today, how would you envision your firm's data being extracted and how would the system assist you in enhancing the quality and effectiveness of your audits?
- What existing or known technologies would be helpful in considering or developing the Concept?

Through this Concept paper's release, all stakeholders are invited to provide comment and respond to questions on the [AICPA Community website](http://aicpa.org/futurepracticemonitoring) ([aicpa.org/futurepracticemonitoring](http://aicpa.org/futurepracticemonitoring)). You may also email comments to [prsupport@aicpa.org](mailto:prsupport@aicpa.org). Comments will be accepted until June 15, 2015.

**“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution....”**

Will A. Foster, Business Executive