



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
 301 E. 14th Street, Suite 200
 Sioux Falls, SD 57104
 (605) 367-5770 / Fax: (605) 367-5773
 e-mail sdbdacct.sdbd@midconetwork.com
www.accountancy.sd.gov

Agenda
 South Dakota Board of Accountancy Meeting
 Conference Call
 9:00 a.m. (CT)
 March 20, 2015

A=Action
 D=Discussion
 I=Information

	Page
A-Approval of Minutes of Meeting January 23, 2015.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through February 2015	6-23
A-Report to Board on NASBA Western Regional Conference.....	24
D-Executive Director’s Report.....	25
 AICPA	
D-BOE meeting highlights January 28-30, 2015.....	26-29
D-Concept Paper – Future of Practice Monitoring.....	30-44
 NASBA	
D- Nomination for Vice Chair for 2015-2016 Janice Gray letter and bio from Oklahoma.....	45-49
D-Candidate Care Report 4Q14.....	50-54
D-Board of Directors meeting minutes October 31, 2014 and November 4, 2014.....	55-66
D-Board of Directors meeting highlights January 23, 2015.....	67-68
D-Executive Summary and Focus Questions December 22, 2014.....	69-90
A-Quarterly Focus Questions.....	91-92
 EXECUTIVE SESSION	
Equivalent Reviews, Consent Agreements and follow ups for Board Approval.....	Spt. Pkt.

FUTURE MEETING DATES (all times CT)
 TBD



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

301 E. 14th Street, Suite 200
Sioux Falls, SD 57104
(605) 367-5770 / Fax: (605) 367-5773
e-mail sdbdacct.sdbd@midconetwork.com
www.accountancy.sd.gov

South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
January 23, 2015 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Friday, January 23, 2015. Chair John Mitchell called the meeting to order at 9:02 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
Additions to Executive Director's Report

A motion was made by John Linn, Jr. and seconded by David Pummel to approve the December 5, 2014, meeting minutes. A roll call vote was taken. The motion unanimously carried.

A motion was made by Holly Brunick and seconded by Marty Guindon to approve the issuance of individual certificates and firm permits through January 16, 2015. A roll call vote was taken. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the financial statements through December 2014. A roll call vote was taken. The motion unanimously carried.

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

A motion was made by John Linn, Jr. and seconded by David Pummel to approve travel for the Executive Director to attend the NASBA Executive Directors Conference held in Tampa, FL, March 24-26, 2015 and Legal Counsel to attend the NASBA Legal Counsel Conference held in Tampa, FL, March 24-26, 2015. A roll call vote was taken. The motion unanimously carried. The Executive Director will submit the necessary travel documents for approval.

The Board discussed the report on the CPA exam grades for the 43rd window.

A motion was made by David Pummel and seconded by John Linn, Jr. to approve the CPA exam scores for the 43rd window through December 2014. A roll call was taken. The motion unanimously carried.

Executive Director Kasin discussed her report on CPE audits being conducted, proposed rules changes, and updates to the Records Retention and Destruction Schedule Manual.

The board discussed the AICPA's Concept Paper on the Future of Practice Monitoring. Board members will review the concept paper and direct comments, if any, to Nicole Kasin.

A motion was made by David Pummel and seconded by Holly Brunick to enter into executive session for the deliberative process for peer reviews, follow-ups, and off-site requests. A roll call vote was taken. The motion unanimously carried.

The Board came out of executive session.

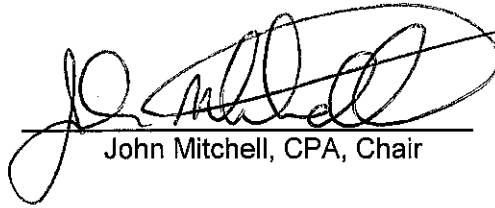
A motion was made by Marty Guindon and seconded David Pummel to accept the peer reviews as discussed in executive session. A roll call vote was taken. The motion unanimously carried.

FUTURE MEETING DATES (all times CT)

March 20, 2015 – 9:00 am Conference call

A motion was made by David Pummel and seconded by Jeff Smith 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 9:33 a.m.



John Mitchell, CPA, Chair

Attest: 
Nicole Kasin, Executive Director



David Pummel, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through March 13, 2015

Number	Name	Date Issued	Location
3186	Brady Kyle Duane Larsen	1/30/15	Rapid City, SD
3187	Katy Amanda Paulson	2/13/15	Aberdeen, SD
3188	Aaron Michael Moller	2/20/15	Mitchell, SD
3189	Brent Allan Impehoven	3/06/15	Sioux Falls, SD
3190	Ruth Lyn Audiss	3/09/15	Platte, SD
3191	Kayla Ann Gieseey	3/09/15	Rapid City, SD
3192	Joshua Scott Christensen	3/11/15	Parkston, SD
3193	Michael Louis Rousell	3/13/15	Houston, TX

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

**Issued Through
March 13, 2015**

Number	Name	Date Issued	Basis/Comments
1643	Haynie & Company Salt Lake City, UT	01/23/15	New Firm
1644	Jonathan G. Anderson, CPA, PC Webster, SD	02/13/15	Name Change
1645	Bechen and Company, PC Wagner, SD	02/24/15	Name Change

BAL409R1

PAGE 131

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 01/31/2015

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	366,275.85	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			366,275.85	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			366,275.85	DR **	
BUDGET UNIT TOTAL 1031			366,275.85	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 01/31/2015

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
COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS										
6503	103100061802	51010100	CGEX141230	01/02/2015					2,046.00	DR
6503	103100061802	51010100	CGEX150113	01/16/2015					2,252.01	DR
6503	103100061802	51010100	CGEX150128	01/31/2015					2,046.00	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX141230	01/02/2015					6,324.01	DR
6503	103100061802	51010200	CGEX150113	01/16/2015					912.22	DR
6503	103100061802	51010200	CGEX150128	01/31/2015					910.94	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX141230	01/02/2015					2,711.12	DR
6503	103100061802	51010300	CGEX150128	01/31/2015					60.00	DR
OBJSUB: 5101030 BOARD & COMM MBRS FEES										
OBJECT: 5101 EMPLOYER SALARIES										
6503	103100061802	51020100	CGEX141230	01/02/2015					9,395.13	DR
6503	103100061802	51020100	CGEX150113	01/16/2015					221.46	DR
6503	103100061802	51020100	CGEX150128	01/31/2015					231.01	DR
OBJSUB: 5102010 QASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX141230	01/02/2015					690.44	DR
6503	103100061802	51020200	CGEX150113	01/16/2015					173.54	DR
6503	103100061802	51020200	CGEX150128	01/31/2015					185.94	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX141230	01/02/2015					532.22	DR
6503	103100061802	51020600	CGEX150113	01/16/2015					718.50	DR
6503	103100061802	51020600	CGEX150128	01/31/2015					718.50	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX141230	01/02/2015					2,155.50	DR
6503	103100061802	51020800	CGEX150113	01/16/2015					1.78	DR
6503	103100061802	51020800	CGEX150128	01/31/2015					1.89	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX141230	01/02/2015					5.43	DR
6503	103100061802	51020900	CGEX150113	01/16/2015					1.33	DR
6503	103100061802	51020900	CGEX150128	01/31/2015					1.41	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
OBJECT: 5102 EMPLOYEE BENEFITS										
GROUP: 51 PERSONAL SERVICES										
6503	103100061802	52041800	DP512098	01/31/2015					12,782.77	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE										
6503	103100061802	52042000	PL512054	01/23/2015					523.25	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 01/31/2015

AGENCY BUDGET CENTER	UNIT	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	APPL #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
103100061802	52042200	PM512044	6503	103100061802	52042200	01/31/2015						7.14	DR
103100061802	52042200	PP512047	6503	103100061802	52042200	01/31/2015						9.81	DR
103100061802	52042200	RM512051	6503	103100061802	52042200	01/23/2015						952.05	DR
103100061802	52042200	IN146842	6503	103100061802	52042200	01/21/2015						1,190.28	DR
103100061802	52042200	155G100002	6503	103100061802	52042300	01/31/2015						74.31	DR
103100061802	52043400	51170	6503	103100061802	52043400	01/07/2015						122.86	DR
103100061802	52043400	51525	6503	103100061802	52043400	01/09/2015						422.50	DR
103100061802	52043400	2872359210871214	6503	103100061802	52045300	01/09/2015						141.60	DR
103100061802	52045300	5159417006	6503	103100061802	52045400	01/09/2015						564.10	DR
103100061802	52045300	68332	6503	103100061802	52045600	01/09/2015						1,269.45	DR
103100061802	52045600	111109001	6503	103100061802	52045300	01/07/2015						93.82	DR
103100061802	52045300	111109001	6503	103100061802	52045300	01/31/2015						100.00	DR
103100061802	52045300	2872359210870115	6503	103100061802	52045300	01/31/2015						95.00	DR
103100061802	52045300	2872359210871214	6503	103100061802	52045300	01/09/2015						67.05	DR
103100061802	52045300	5159417006	6503	103100061802	52045400	01/09/2015						66.84	DR
103100061802	52045400	68332	6503	103100061802	52045600	01/09/2015						422.71	DR
103100061802	52045600	111109001	6503	103100061802	52045300	01/07/2015						60.70	DR
103100061802	52045300	111109001	6503	103100061802	52045300	01/31/2015						22.35	DR
103100061802	52045300	2872359210870115	6503	103100061802	52045300	01/31/2015						22.35	DR
103100061802	52045300	2872359210871214	6503	103100061802	52045300	01/09/2015						117.73	DR
103100061802	52047400	13602524	6503	103100061802	52049600	01/31/2015						117.73	DR
103100061802	52049600	T105-064	6503	103100061802	5228000	01/07/2015						246.03	DR
103100061802	5228000	OPERATING EXPENSES	6503	103100061802	5228000	01/07/2015						314.54	DR
103100061802	5228000	OPERATING EXPENSES	6503	103100061802	5228000	01/07/2015						314.54	DR
103100061802	5228000	OPERATING EXPENSES	6503	103100061802	5228000	01/07/2015						4,928.31	DR
103100061802	5228000	OPERATING EXPENSES	6503	103100061802	5228000	01/07/2015						17,711.08	DR
103100061802	5228000	OPERATING EXPENSES	6503	103100061802	5228000	01/07/2015						17,711.08	DR
103100061802	5228000	OPERATING EXPENSES	6503	103100061802	5228000	01/07/2015						17,711.08	DR

South Dakota Board of Accountancy
Balance Sheet
As of January 31, 2015

	Jan 31, 15
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	384.53
1140000 · Pool Cash State of SD	366,275.85
Total Checking/Savings	366,660.38
Other Current Assets	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
Total Other Current Assets	5,768.86
Total Current Assets	372,429.24
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-136,039.79
Total 1670000 · Computer Software	4,023.44
Total Fixed Assets	4,023.44
TOTAL ASSETS	376,452.68
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	5,109.38
Total Accounts Payable	5,109.38
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	21,374.12
Total Other Current Liabilities	28,852.41
Total Current Liabilities	33,961.79
Long Term Liabilities	
2960000 · Compensated Absences Payable	16,686.44
Total Long Term Liabilities	16,686.44
Total Liabilities	50,648.23
Equity	
3220000 · Unrestricted Net Assets	251,725.29
3300100 · Invested In Capital Assets	4,023.52
3900 · Retained Earnings	4,512.55
Net Income	65,543.09
Total Equity	325,804.45
TOTAL LIABILITIES & EQUITY	376,452.68

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2014 through January 2015

	Jul '14 - Jan 15	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,700.00	2,200.00	-500.00	77.3%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	57,460.00	55,000.00	2,460.00	104.5%
Total 4293551 · Certificate Renewals-Active	57,450.00	55,000.00	2,450.00	104.5%
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%
Total 4293553 · Certificate Renewals-Retired	970.00	750.00	220.00	129.3%
4293554 · Initial Firm Permits	700.00	900.00	-200.00	77.8%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	14,210.00	15,000.00	-790.00	94.7%
Total 4293555 · Firm Permit Renewals	14,060.00	15,000.00	-940.00	93.7%
4293557 · Initial Audit	300.00	900.00	-600.00	33.3%
4293558 · Re-Exam Audit	1,290.00	2,460.00	-1,170.00	52.4%
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	500.00	1,300.00	-800.00	38.5%
4293566 · Firm Permit Owners	91,945.00	78,000.00	13,945.00	117.9%
4293567 · Peer Review Admin Fee	975.00	5,650.00	-4,675.00	17.3%
4293568 · Firm Permit Name Change	150.00	100.00	50.00	150.0%
4293569 · Initial FAR	720.00	1,140.00	-420.00	63.2%
4293570 · Initial REG	300.00	660.00	-360.00	45.5%
4293571 · Inital BEC	330.00	930.00	-600.00	35.5%
4293572 · Re-Exam FAR	990.00	1,860.00	-870.00	53.2%
4293573 · Re-Exam REG	1,200.00	2,310.00	-1,110.00	51.9%
4293574 · Re-Exam BEC	1,170.00	2,310.00	-1,140.00	50.6%
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%
Total Income	201,378.78	204,470.00	-3,091.22	98.5%
Gross Profit	201,378.78	204,470.00	-3,091.22	98.5%
Expense				
5101010 · F-T Emp Sal & Wages	30,800.03	72,759.00	-41,958.97	42.3%
5101020 · P-T/Temp Emp Sal & Wages	17,907.53	18,779.00	-871.47	95.4%
5101030 · Board & Comm Mbrs Fees	2,700.00	4,372.00	-1,672.00	61.8%
5102010 · OASI-Employer's Share	3,723.19	7,362.00	-3,638.81	50.6%
5102020 · Retirement-ER Share	2,882.98	5,492.00	-2,609.02	52.5%
5102060 · Health /Life Ins.-ER Share	14,010.75	22,007.00	-7,996.25	63.7%
5102080 · Worker's Compensation	29.27	254.00	-224.73	11.5%
5102090 · Unemployment Insurance	21.93	91.00	-69.07	24.1%
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-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 OverNight	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-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 2014 through January 2015

	Jul '14 - Jan 15	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	497.25	600.00	-102.75	82.9%
5204181 · Computer Development Serv-State	1,990.10	10,400.00	-8,409.90	19.1%
5204200 · Central Services	5,676.83	7,000.00	-1,323.17	81.1%
5204220 · Equipment Service & Maintenance	27.08	300.00	-272.92	9.0%
5204230 · Janitorial/Maintenance Services	860.02	1,560.00	-699.98	55.1%
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	1,621.00	4,000.00	-2,379.00	40.5%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	8,886.15	15,234.00	-6,347.85	58.3%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	1,936.84	2,800.00	-863.16	69.2%
5204540 · Electricity	383.20	865.00	-481.80	44.3%
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	3,899.73	5,500.00	-1,600.27	70.9%
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	126.00	1,000.00	-874.00	12.6%
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	2,425.00	7,400.00	-4,975.00	32.8%
5228030 · Depreciation Expense	7,041.10	12,070.40	-5,029.30	58.3%
Total Expense	135,835.69	257,195.40	-121,359.71	52.8%
Net Ordinary Income	65,543.09	-52,725.40	118,268.49	-124.3%
Net Income	65,543.09	-52,725.40	118,268.49	-124.3%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
January 2015

	Jan 15	Jan 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	200.00	575.00	-375.00	-65.2%
4293552 · Certificate Renewals-Inactive	0.00	50.00	-50.00	-100.0%
4293554 · Initial Firm Permits	100.00	50.00	50.00	100.0%
4293557 · Initial Audit	30.00	150.00	-120.00	-80.0%
4293558 · Re-Exam Audit	120.00	180.00	-60.00	-33.3%
4293560 · Late Fees-Initial Certificate	0.00	50.00	-50.00	-100.0%
4293564 · Late Fees-Peer Review	50.00	50.00	0.00	0.0%
4293566 · Firm Permit Owners	390.00	65.00	325.00	500.0%
4293567 · Peer Review Admin Fee	225.00	750.00	-525.00	-70.0%
4293568 · Firm Permit Name Change	50.00	75.00	-25.00	-33.3%
4293569 · Initial FAR	150.00	150.00	0.00	0.0%
4293570 · Initial REG	30.00	240.00	-210.00	-87.5%
4293571 · Initial BEC	30.00	120.00	-90.00	-75.0%
4293572 · Re-Exam FAR	150.00	90.00	60.00	66.7%
4293573 · Re-Exam REG	120.00	210.00	-90.00	-42.9%
4293574 · Re-Exam BEC	150.00	120.00	30.00	25.0%
Total Income	1,795.00	2,925.00	-1,130.00	-38.6%
Gross Profit	1,795.00	2,925.00	-1,130.00	-38.6%
Expense				
5101010 · F-T Emp Sal & Wages	6,324.01	6,139.04	184.97	3.0%
5101020 · P-T/Temp Emp Sal & Wages	2,711.12	3,875.45	-1,164.33	-30.0%
5101030 · Board & Comm Mbrs Fees	360.00	420.00	-60.00	-14.3%
5102010 · OASI-Employer's Share	690.44	762.95	-72.51	-9.5%
5102020 · Retirement-ER Share	532.22	600.88	-68.66	-11.4%
5102060 · Health /Life Ins.-ER Share	2,155.50	2,725.92	-570.42	-20.9%
5102080 · Worker's Compensation	5.43	13.02	-7.59	-58.3%
5102090 · Unemployment Insurance	4.05	3.21	0.84	26.2%
5204180 · Computer Services-State	0.00	72.00	-72.00	-100.0%
5204181 · Computer Development Serv-State	0.00	402.00	-402.00	-100.0%
5204200 · Central Services	1,190.28	158.25	1,032.03	652.2%
5204220 · Equipment Service & Maintenance	3.31	3.12	0.19	6.1%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
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	340.52	351.59	-11.07	-3.2%
5204540 · Electricity	71.78	65.06	6.72	10.3%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204740 · Bank Fees and Charges	117.73	80.88	36.85	45.6%
5205020 · Office Supplies	0.00	9.69	-9.69	-100.0%
5205310 · Printing State	0.00	199.70	-199.70	-100.0%
5205320 · Printing/Duplicating/Binding Co	12.00	13.80	-1.80	-13.0%
5228000 · Operating Transfers Out-NonBudg	314.54	181.58	132.96	73.2%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	17,302.10	18,555.66	-1,253.56	-6.8%
Net Ordinary Income	-15,507.10	-15,630.66	123.56	0.8%
Net Income	-15,507.10	-15,630.66	123.56	0.8%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2014 through January 2015

	Jul '14 - Jan 15	Jul '13 - Jan 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,700.00	2,175.00	-475.00	-21.8%
4293551 · Certificate Renewals-Active	57,450.00	56,450.00	1,000.00	1.8%
4293552 · Certificate Renewals-Inactive	20,050.00	19,800.00	250.00	1.3%
4293553 · Certificate Renewals-Retired	970.00	820.00	150.00	18.3%
4293554 · Initial Firm Permits	700.00	250.00	450.00	180.0%
4293555 · Firm Permit Renewals	14,060.00	13,750.00	310.00	2.3%
4293557 · Initial Audit	300.00	390.00	-90.00	-23.1%
4293558 · Re-Exam Audit	1,290.00	1,500.00	-210.00	-14.0%
4293560 · Late Fees-Initial Certificate	0.00	200.00	-200.00	-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	500.00	800.00	-300.00	-37.5%
4293566 · Firm Permit Owners	91,945.00	87,365.00	4,580.00	5.2%
4293567 · Peer Review Admin Fee	975.00	1,650.00	-675.00	-40.9%
4293568 · Firm Permit Name Change	150.00	175.00	-25.00	-14.3%
4293569 · Initial FAR	720.00	600.00	120.00	20.0%
4293570 · Initial REG	300.00	330.00	-30.00	-9.1%
4293571 · Inital BEC	330.00	300.00	30.00	10.0%
4293572 · Re-Exam FAR	990.00	1,140.00	-150.00	-13.2%
4293573 · Re-Exam REG	1,200.00	1,200.00	0.00	0.0%
4293574 · Re-Exam BEC	1,170.00	1,170.00	0.00	0.0%
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%
Total Income	201,378.78	198,022.41	3,356.37	1.7%
Gross Profit	201,378.78	198,022.41	3,356.37	1.7%
Expense				
5101010 · F-T Emp Sal & Wages	30,800.03	30,106.28	693.75	2.3%
5101020 · P-T/Temp Emp Sal & Wages	17,907.53	14,647.39	3,260.14	22.3%
5101030 · Board & Comm Mbrs Fees	2,700.00	2,280.00	420.00	18.4%
5102010 · OASI-Employer's Share	3,723.19	3,477.24	245.95	7.1%
5102020 · Retirement-ER Share	2,882.98	2,685.23	197.75	7.4%
5102060 · Health /Life Ins.-ER Share	14,010.75	10,903.68	3,107.07	28.5%
5102080 · Worker's Compensation	29.27	58.17	-28.90	-49.7%
5102090 · Unemployment Insurance	21.93	14.36	7.57	52.7%
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	497.25	513.00	-15.75	-3.1%
5204181 · Computer Development Serv-State	1,990.10	6,186.30	-4,196.20	-67.8%
5204200 · Central Services	5,676.83	4,022.11	1,654.72	41.1%
5204220 · Equipment Service & Maintenance	27.08	40.12	-13.04	-32.5%
5204230 · Janitorial/Maintenance Services	860.02	860.02	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	1,621.00	1,593.00	28.00	1.8%
5204490 · Rents Privately Owned Property	8,886.15	8,886.15	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%
5204530 · Telecommunications Services	1,936.84	2,001.67	-64.83	-3.2%
5204540 · Electricity	383.20	389.82	-6.62	-1.7%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2014 through January 2015

	<u>Jul '14 - Jan 15</u>	<u>Jul '13 - Jan 14</u>	<u>\$ Change</u>	<u>% Change</u>
5204560 · Water	67.05	44.70	22.35	50.0%
5204740 · Bank Fees and Charges	3,899.73	3,630.64	269.09	7.4%
5204960 · Other Contractual Services	0.00	724.50	-724.50	-100.0%
5205020 · Office Supplies	115.36	182.40	-67.04	-36.8%
5205310 · Printing State	0.00	199.70	-199.70	-100.0%
5205320 · Printing/Duplicating/Binding Co	126.00	99.75	26.25	26.3%
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	2,425.00	2,213.03	211.97	9.6%
5228030 · Depreciation Expense	7,041.10	7,041.02	0.08	0.0%
Total Expense	<u>135,835.69</u>	<u>114,386.16</u>	<u>21,449.53</u>	<u>18.8%</u>
Net Ordinary Income	<u>65,543.09</u>	<u>83,636.25</u>	<u>-18,093.16</u>	<u>-21.6%</u>
Net Income	<u><u>65,543.09</u></u>	<u><u>83,636.25</u></u>	<u><u>-18,093.16</u></u>	<u><u>-21.6%</u></u>

BA1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 02/28/2015

PAGE

130

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	352,748.80	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			352,748.80	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			352,748.80	DR **	
BUDGET UNIT TOTAL 1031			352,748.80	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 02/28/2015

AGENCY BUDGET CENTER-5	UNIT 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY 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				CGEX150211	02/13/2015					1,860.00	DR
6503	103100061802	51010100				CGEX150225	02/28/2015					2,046.00	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES													
6503	103100061802	51010200				CGEX150211	02/13/2015					3,906.00	DR
6503	103100061802	51010200				CGEX150225	02/28/2015					782.83	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES													
OBJECT: 5101 EMPLOYEE SALARIES													
6503	103100061802	51020100				CGEX150211	02/13/2015					5,538.12	DR
6503	103100061802	51020100				CGEX150225	02/28/2015					192.74	DR
OBJSUB: 5102010 OAST-EMPLOYER'S SHARE													
6503	103100061802	51020200				CGEX150211	02/13/2015					404.80	DR
6503	103100061802	51020200				CGEX150225	02/28/2015					158.57	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE													
6503	103100061802	51020600				CGEX150211	02/13/2015					332.29	DR
6503	103100061802	51020600				CGEX150225	02/28/2015					718.50	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE													
6503	103100061802	51020800				CGEX150211	02/13/2015					1,437.00	DR
6503	103100061802	51020800				CGEX150225	02/28/2015					1.59	DR
OBJSUB: 5102080 WORKER'S COMPENSATION													
6503	103100061802	51020900				CGEX150211	02/13/2015					3.33	DR
6503	103100061802	51020900				CGEX150225	02/28/2015					1.19	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION													
OBJECT: 5102 EMPLOYEE BENEFITS													
GROUP: 51 PERSONAL SERVICES													
6503	103100061802	52041600				03528 & 03529	02/24/2015					2,179.91	DR
OBJSUB: 5204160 WORKSHOP REGISTRATION FEE													
6503	103100061802	52041800				DP501099	02/24/2015					7,718.03	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE													
6503	103100061802	52042000				FMS12069	02/20/2015					188.25	DR
6503	103100061802	52042000				PL501057	02/20/2015					991.63	DR
OBJSUB: 5204200 CENTRAL SERVICES													
6503	103100061802	52042200				INT152259	02/06/2015					281.63	DR
OBJSUB: 5204220 EQUIPMENT SERV & MAINT													
6503	103100061802	52042300				155C100002	02/28/2015					1,273.26	DR
OBJSUB: 5204230 FFB15													
6503	103100061802	52042300				00181507	02/28/2015					71.56	DR
OBJSUB: 5204230 SUNSETOFFI													
6503	103100061802	52042300				12043890	02/28/2015					122.86	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 02/28/2015

AGENCY BUDGET CENTER	UNIT	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
10310	10310											
6503	103100061802	52045300		JANITORIAL & MAINT SERV	TL501151	02/20/2015					122.86	DR *
6503	103100061802	52045400		TELECOMMUNICATIONS SRVCS	5159417006 0115	02/06/2015	02107194	XCELENERGY	12023853		111.63	DR *
6503	103100061802	52047400		ELECTRICITY	CI105A-036	02/18/2015	227132				71.78	DR *
6503	103100061802	52049600		BANK FEES AND CHARGES	13608020	02/20/2015	00178940	NATLASSNST	12005047		80.17	DR *
6503	103100061802	52049600			1415	02/20/2015	00179796	BADGERSTAT	12208910		5,174.17	DR *
6503	103100061802	52053200		OTHER CONTRACTUAL SERVICE	39375	02/04/2015	00174214	BUSINESSPR	12003048		60.96	DR *
6503	103100061802	52280000		PRINTING-COMMERCIAL SUPPLIES & MATERIALS	TI05-075	02/04/2015					5,235.13	DR *
6503	103100061802	52280000		OPER TRANS OUT -NON BUDGT							8,544.64	DR **
6503	103100061802	52280000		NONOP EXP/NONBUDG OP TR							12.00	DR **
6503	103100061802	52280000		OPERATING EXPENSES							476.80	DR **
6503	103100061802	52280000									9,033.44	DR **
6503	103100061802	52280000									16,751.47	DR **
6503	103100061802	52280000									16,751.47	DR **
6503	103100061802	52280000									16,751.47	DR **

South Dakota Board of Accountancy
Balance Sheet
As of February 28, 2015

	Feb 28, 15
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	2,746.27
1140000 · Pool Cash State of SD	352,748.80
Total Checking/Savings	355,495.07
Other Current Assets	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
Total Other Current Assets	5,768.86
Total Current Assets	361,263.93
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-137,045.65
Total 1670000 · Computer Software	3,017.58
Total Fixed Assets	3,017.58
TOTAL ASSETS	364,281.51
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	6,892.96
Total Accounts Payable	6,892.96
Other Current Liabilities	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	21,086.01
Total Other Current Liabilities	28,564.30
Total Current Liabilities	35,457.26
Long Term Liabilities	
2960000 · Compensated Absences Payable	16,686.44
Total Long Term Liabilities	16,686.44
Total Liabilities	52,143.70
Equity	
3220000 · Unrestricted Net Assets	252,731.15
3300100 · Invested In Capital Assets	3,017.66
3900 · Retained Earnings	4,512.55
Net Income	51,876.45
Total Equity	312,137.81
TOTAL LIABILITIES & EQUITY	364,281.51

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2014 through February 2015

	Jul '14 - Feb 15	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-50.00			
4293550 · Initial Individual Certificate - Other	1,935.00	2,200.00	-265.00	88.0%
Total 4293550 · Initial Individual Certificate	1,885.00	2,200.00	-315.00	85.7%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	57,460.00	55,000.00	2,460.00	104.5%
Total 4293551 · Certificate Renewals-Active	57,450.00	55,000.00	2,450.00	104.5%
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%
Total 4293553 · Certificate Renewals-Retired	970.00	750.00	220.00	129.3%
4293554 · Initial Firm Permits	700.00	900.00	-200.00	77.8%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	14,210.00	15,000.00	-790.00	94.7%
Total 4293555 · Firm Permit Renewals	14,060.00	15,000.00	-940.00	93.7%
4293557 · Initial Audit	360.00	900.00	-540.00	40.0%
4293558 · Re-Exam Audit	1,410.00	2,460.00	-1,050.00	57.3%
4293560 · Late Fees-Initial Certificate	50.00			
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	500.00	1,300.00	-800.00	38.5%
4293566 · Firm Permit Owners	91,945.00	78,000.00	13,945.00	117.9%
4293567 · Peer Review Admin Fee	975.00	5,650.00	-4,675.00	17.3%
4293568 · Firm Permit Name Change	200.00	100.00	100.00	200.0%
4293569 · Initial FAR	870.00	1,140.00	-270.00	76.3%
4293570 · Initial REG	390.00	660.00	-270.00	59.1%
4293571 · Inital BEC	390.00	930.00	-540.00	41.9%
4293572 · Re-Exam FAR	1,110.00	1,860.00	-750.00	59.7%
4293573 · Re-Exam REG	1,380.00	2,310.00	-930.00	59.7%
4293574 · Re-Exam BEC	1,320.00	2,310.00	-990.00	57.1%
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%
Total Income	202,593.78	204,470.00	-1,876.22	99.1%
Gross Profit	202,593.78	204,470.00	-1,876.22	99.1%
Expense				
5101010 · F-T Emp Sal & Wages	34,706.03	72,759.00	-38,052.97	47.7%
5101020 · P-T/Temp Emp Sal & Wages	19,539.65	18,779.00	760.65	104.1%
5101030 · Board & Comm Mbrs Fees	2,700.00	4,372.00	-1,672.00	61.8%
5102010 · OASI-Employer's Share	4,127.99	7,362.00	-3,234.01	56.1%
5102020 · Retirement-ER Share	3,215.27	5,492.00	-2,276.73	58.5%
5102060 · Health /Life Ins.-ER Share	15,447.75	22,007.00	-6,559.25	70.2%
5102080 · Worker's Compensation	32.60	254.00	-221.40	12.8%
5102090 · Unemployment Insurance	24.42	91.00	-66.58	26.8%
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-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	3,322.19	7,800.00	-4,477.81	42.6%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2014 through February 2015

	Jul '14 - Feb 15	Budget	\$ Over Budget	% of Budget
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%
5204040 · Consultant Fees-Accounting	7,100.00	7,100.00	0.00	100.0%
5204160 · Workshop Registration Fees	3,475.00	6,000.00	-2,525.00	57.9%
5204180 · Computer Services-State	585.00	600.00	-15.00	97.5%
5204181 · Computer Development Serv-State	2,090.60	10,400.00	-8,309.40	20.1%
5204200 · Central Services	6,950.09	7,000.00	-49.91	99.3%
5204220 · Equipment Service & Maintenance	27.64	300.00	-272.36	9.2%
5204230 · Janitorial/Maintenance Services	982.88	1,560.00	-577.12	63.0%
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	2,295.00	4,000.00	-1,705.00	57.4%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	10,155.60	15,234.00	-5,078.40	66.7%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	2,098.85	2,800.00	-701.15	75.0%
5204540 · Electricity	455.13	865.00	-409.87	52.6%
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	3,979.90	5,500.00	-1,520.10	72.4%
5204960 · Other Contractual Services	60.96			
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	126.00	1,000.00	-874.00	12.6%
5205330 · Supplemental Publications	1,055.00	700.00	355.00	150.7%
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	2,901.80	7,400.00	-4,498.20	39.2%
5228030 · Depreciation Expense	8,046.96	12,070.40	-4,023.44	66.7%
Total Expense	150,717.33	257,195.40	-106,478.07	58.6%
Net Ordinary Income	51,876.45	-52,725.40	104,601.85	-98.4%
Net Income	51,876.45	-52,725.40	104,601.85	-98.4%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
February 2015

	Feb 15	Feb 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	185.00	75.00	110.00	146.7%
4293552 · Certificate Renewals-Inactive	0.00	250.00	-250.00	-100.0%
4293555 · Firm Permit Renewals	0.00	50.00	-50.00	-100.0%
4293557 · Initial Audit	60.00	30.00	30.00	100.0%
4293558 · Re-Exam Audit	120.00	60.00	60.00	100.0%
4293560 · Late Fees-Initial Certificate	50.00	0.00	50.00	100.0%
4293561 · Late Fees-Certificate Renewals	0.00	250.00	-250.00	-100.0%
4293564 · Late Fees-Peer Review	0.00	50.00	-50.00	-100.0%
4293566 · Firm Permit Owners	0.00	130.00	-130.00	-100.0%
4293567 · Peer Review Admin Fee	0.00	75.00	-75.00	-100.0%
4293568 · Firm Permit Name Change	50.00	0.00	50.00	100.0%
4293569 · Initial FAR	150.00	30.00	120.00	400.0%
4293570 · Initial REG	90.00	0.00	90.00	100.0%
4293571 · Initial BEC	60.00	0.00	60.00	100.0%
4293572 · Re-Exam FAR	120.00	30.00	90.00	300.0%
4293573 · Re-Exam REG	180.00	60.00	120.00	200.0%
4293574 · Re-Exam BEC	150.00	120.00	30.00	25.0%
Total Income	1,215.00	1,210.00	5.00	0.4%
Gross Profit	1,215.00	1,210.00	5.00	0.4%
Expense				
5101010 · F-T Emp Sal & Wages	3,906.00	3,791.76	114.24	3.0%
5101020 · P-T/Temp Emp Sal & Wages	1,632.12	2,379.40	-747.28	-31.4%
5102010 · OASI-Employer's Share	404.80	448.58	-43.78	-9.8%
5102020 · Retirement-ER Share	332.29	370.27	-37.98	-10.3%
5102060 · Health /Life Ins.-ER Share	1,437.00	1,817.28	-380.28	-20.9%
5102080 · Worker's Compensation	3.33	8.02	-4.69	-58.5%
5102090 · Unemployment Insurance	2.49	1.98	0.51	25.8%
5204160 · Workshop Registration Fees	1,390.00	695.00	695.00	100.0%
5204180 · Computer Services-State	87.75	144.00	-56.25	-39.1%
5204181 · Computer Development Serv-State	100.50	266.80	-166.30	-62.3%
5204200 · Central Services	1,273.26	282.00	991.26	351.5%
5204220 · Equipment Service & Maintenance	0.56	2.72	-2.16	-79.4%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
5204460 · Equipment Rental	674.00	57.00	617.00	1,082.5%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	162.01	286.90	-124.89	-43.5%
5204540 · Electricity	71.93	66.84	5.09	7.6%
5204740 · Bank Fees and Charges	80.17	74.11	6.06	8.2%
5204960 · Other Contractual Services	60.96	0.00	60.96	100.0%
5205330 · Supplemental Publications	387.50	0.00	387.50	100.0%
5228000 · Operating Transfers Out-NonBudg	476.80	585.98	-109.18	-18.6%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	14,881.64	13,676.81	1,204.83	8.8%
Net Ordinary Income	-13,666.64	-12,466.81	-1,199.83	-9.6%
Net Income	-13,666.64	-12,466.81	-1,199.83	-9.6%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2014 through February 2015

	Jul '14 - Feb 15	Jul '13 - Feb 14	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,885.00	2,250.00	-365.00	-16.2%
4293551 · Certificate Renewals-Active	57,450.00	56,450.00	1,000.00	1.8%
4293552 · Certificate Renewals-Inactive	20,050.00	20,050.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	970.00	820.00	150.00	18.3%
4293554 · Initial Firm Permits	700.00	250.00	450.00	180.0%
4293555 · Firm Permit Renewals	14,060.00	13,800.00	260.00	1.9%
4293557 · Initial Audit	360.00	420.00	-60.00	-14.3%
4293558 · Re-Exam Audit	1,410.00	1,560.00	-150.00	-9.6%
4293560 · Late Fees-Initial Certificate	50.00	200.00	-150.00	-75.0%
4293561 · Late Fees-Certificate Renewals	2,600.00	2,300.00	300.00	13.0%
4293563 · Late Fees-Firm Permit Renewals	300.00	700.00	-400.00	-57.1%
4293564 · Late Fees-Peer Review	500.00	850.00	-350.00	-41.2%
4293566 · Firm Permit Owners	91,945.00	87,495.00	4,450.00	5.1%
4293567 · Peer Review Admin Fee	975.00	1,725.00	-750.00	-43.5%
4293568 · Firm Permit Name Change	200.00	175.00	25.00	14.3%
4293569 · Initial FAR	870.00	630.00	240.00	38.1%
4293570 · Initial REG	390.00	330.00	60.00	18.2%
4293571 · Initial BEC	390.00	300.00	90.00	30.0%
4293572 · Re-Exam FAR	1,110.00	1,170.00	-60.00	-5.1%
4293573 · Re-Exam REG	1,380.00	1,260.00	120.00	9.5%
4293574 · Re-Exam BEC	1,320.00	1,290.00	30.00	2.3%
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%
Total Income	202,593.78	199,232.41	3,361.37	1.7%
Gross Profit	202,593.78	199,232.41	3,361.37	1.7%
Expense				
5101010 · F-T Emp Sal & Wages	34,706.03	33,898.04	807.99	2.4%
5101020 · P-T/Temp Emp Sal & Wages	19,539.65	17,026.79	2,512.86	14.8%
5101030 · Board & Comm Mbrs Fees	2,700.00	2,280.00	420.00	18.4%
5102010 · OASI-Employer's Share	4,127.99	3,925.82	202.17	5.2%
5102020 · Retirement-ER Share	3,215.27	3,055.50	159.77	5.2%
5102060 · Health /Life Ins.-ER Share	15,447.75	12,720.96	2,726.79	21.4%
5102080 · Worker's Compensation	32.60	66.19	-33.59	-50.8%
5102090 · Unemployment Insurance	24.42	16.34	8.08	49.5%
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	3,475.00	1,785.00	1,690.00	94.7%
5204180 · Computer Services-State	585.00	657.00	-72.00	-11.0%
5204181 · Computer Development Serv-State	2,090.60	6,453.10	-4,362.50	-67.6%
5204200 · Central Services	6,950.09	4,304.11	2,645.98	61.5%
5204220 · Equipment Service & Maintenance	27.64	42.84	-15.20	-35.5%
5204230 · Janitorial/Maintenance Services	982.88	982.88	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	2,295.00	1,650.00	645.00	39.1%
5204490 · Rents Privately Owned Property	10,155.60	10,155.60	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%
5204530 · Telecommunications Services	2,098.85	2,288.57	-189.72	-8.3%
5204540 · Electricity	455.13	456.66	-1.53	-0.3%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2014 through February 2015

	<u>Jul '14 - Feb 15</u>	<u>Jul '13 - Feb 14</u>	<u>\$ Change</u>	<u>% Change</u>
5204560 · Water	67.05	44.70	22.35	50.0%
5204740 · Bank Fees and Charges	3,979.90	3,704.75	275.15	7.4%
5204960 · Other Contractual Services	60.96	724.50	-663.54	-91.6%
5205020 · Office Supplies	115.36	182.40	-67.04	-36.8%
5205310 · Printing State	0.00	199.70	-199.70	-100.0%
5205320 · Printing/Duplicating/Binding Co	126.00	99.75	26.25	26.3%
5205330 · Supplemental Publications	1,055.00	387.50	667.50	172.3%
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	2,901.80	2,799.01	102.79	3.7%
5228030 · Depreciation Expense	8,046.96	8,046.88	0.08	0.0%
Total Expense	<u>150,717.33</u>	<u>128,062.97</u>	<u>22,654.36</u>	<u>17.7%</u>
Net Ordinary Income	<u>51,876.45</u>	<u>71,169.44</u>	<u>-19,292.99</u>	<u>-27.1%</u>
Net Income	<u><u>51,876.45</u></u>	<u><u>71,169.44</u></u>	<u><u>-19,292.99</u></u>	<u><u>-27.1%</u></u>

REPORT TO BOARD ON NASBA REGIONAL CONFERENCE

Nicole Kasin

The NASBA Western Regional Conference will be held in Coronado, CA on June 17-19, 2015. The Eastern Regional Conference will be held in Baltimore, MD on June 24-26, 2015.

This is a request for the Board to approve travel for the Executive Director and Board members that will be attending.

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

CPE Audits - Updated

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 February 27, 2015. Those that have failed the CPE audit have been provided the option of a consent agreement or request a hearing with the Board.

	Selected	Complied	Not Complied	Pending Approval/Failure	Approved CPE Audit	Failed CPE Audit
CPA (Active)	54	54	0	0	50	4
CPA (Active in Firm)	58	58	0	0	57	1

Board Newsletter

We teamed up with NASBA again to create the January 2015 newsletter. The newsletter was distributed electronically to email addresses on January 26, 2015. The click rate was 51% and the open rate of the email was 49%. The national average of the open rate is 35-45%.

The newsletter was also mailed to candidates, licensees and firms. There was a notice in the newsletter that the Board would no longer be mailing the newsletter. If the preference to receive the newsletter would be via mail, the board would need to be contacted. To date we have received one request to mail a newsletter to an individual.

Board Discussion

- Any New Business/topics?



**AICPA BOARD OF EXAMINERS (BOE)
MEETING HIGHLIGHTS
January 28 - 30, 2015**

Participants

BOE Members: Rick Niswander (Chair), Barry Berkowitz, Allan Cohen, Michael Daggett, Steve DeVecchio, Damon DeSue, Russ Friedewald, Bucky Glover, Jeff Hoops, Kristine Hull, Gary Lubin, Leslie Mostow, Roberta Newhouse, Gina Pruitt, Mark Shermis, Amy Sutherland, Tom Winkler

AICPA Staff: Michael Decker (Staff Liaison), Noel Albertson, Rich Gallagher, Joe Maslott, John Mattar, Kris McMasters (Consultant), Robin Stackhouse

NASBA Staff: Onita Porter (NASBA Examination Review Board), Colleen Conrad (Thursday afternoon only)

Committee Reports

At its January 2015 meeting, the BOE heard reports from the State Board Committee, the Psychometric Oversight Committee and the Content Committee.

Roberta Newhouse, Chair of the State Board Committee (SBC), reported on the prior day's meeting. Much of the discussion at the SBC centered on the Practice Analysis, the launch of the next version of the Exam and potential changes to the Test Administration Model (TAM).

The SBC expressed concern that only four state boards of accountancy responded to the Invitation to Comment (ITC). It was noted that the NASBA response to the ITC included comments raised at various NASBA Committee and Subcommittee meetings where a number of state boards are represented.

There is also a concern that it appears a number of state boards may be waiting for the release of the Exposure Draft to provide comments. Waiting for the Exposure Draft to offer significant input may be too late and does not offer enough time to effect change in time for the release of the Exam. The AICPA will work to communicate changes to the state boards as early as possible.

Regarding potential changes to the TAM, a number of states are requesting additional time for candidates to sit for the Exam, which includes allowing candidates to test in June and reducing/eliminating the black-out months.

Lastly, the SBC expressed continued concern about the future CPA pipeline as the baby boomer population retires and there are less CPAs entering the profession.

Mark Shermis, Chair of the Psychometric Oversight Committee (POC), reported that the psychometric operations and analyses continue to be strong and stable. The Committee led a discussion on the potential for human scored essays and how all professions have challenges scoring constructed responses. There exists an inherent challenge with how to assess the

following three domains: communications through writing, content knowledge and problem solving, analysis and diagnosis.

With the pending change in the test blueprints and the potential for the Exam to include an increased number of simulations used to assess higher-order skills, the POC will work with staff to ensure the Exam meets appropriate validity and reliability measures.

Lastly, the POC will work with the AICPA staff to facilitate a more continuous update of the Exam.

Amy Sutherland, Chair of the Content Committee, reported on the heavy workload of the Content Committee and its subcommittees as it has been developing and reviewing content survey statements, reviewing new items and draft test blueprints, providing oversight over the item inventory, and brainstorming ideas for new item types and approaches, all in support of the next version of the Exam.

Market Analysis Update

Michael Decker, Vice President of Examinations, provided an update on the Market Analysis, which is a study of the CPA Examination candidate pipeline that was defined as an initiative in the BOE's strategic plan.

Together with an external market research vendor, the AICPA is analyzing the number of candidates entering the CPA pipeline and the rate of seepage of these same candidates on their way to licensure. While the formal report is due in April 2015, early results indicate that the overall success rate of candidates securing licensure, the rate and speed at which they secure licensure, and the rate at which they drop out of the pipeline appears to have remained consistent since 2006 (shortly after computerization of the Exam). Even though the AICPA and the CPA still enjoy strong brand recognition and reputation, the number of candidates entering the profession remains constant amid increased accounting graduates at the bachelor's and master's degree levels.

The greater influences on students and candidates are their first professor and internships. The AICPA is also exploring the rise of international students in U.S. universities and the hypothesis that they are not testing due to expiring student visas.

Risk and Compliance Update

Audrey Foster, Director of the AICPA's iARC (Internal Audit, Risk, and Compliance) team, described the AICPA and Exams team cybersecurity approach. She also discussed the Examinations penetration tests and its SOC II audit (both completed successfully in February).

The Next Version of the CPA Exam

Rich Gallagher, Director of Content, and Joe Maslott, Senior Technical Manager and leader of the Practice Analysis, led a discussion of the next version of the CPA Exam that will be announced in 2016 and launched in 2017.

There are a number of projects and initiatives underway that will ultimately result in the definition and launch of the updated Exam. All of the major projects are overseen by BOE Sponsor Groups and include the Practice Analysis, Enhanced Skills Assessment and NextGen.

The AICPA Examinations Team, working with the BOE and the BOE Sponsor Group, have reviewed the Invitation to Comment (ITC) responses, preliminarily reviewed the survey statement feedback, and together with interviews across the profession, sought the BOE's guidance in the following major areas:

- **Content Assessment**

The BOE was supportive of continuation of the three pillars: audit, financial reporting, and regulation, with BEC as the greatest potential for change. There is strong support for a new item type (ACDC) that will help support the assessment of higher-order skills.

With the BOE's support, draft blueprints are in development that will provide candidates with greater clarity around the depth and breadth of content and skills knowledge required across each of the content areas.

- **Assessing Written Content**

Guidance was received from the BOE to test content knowledge, higher-order skills (application, analysis, and evaluation) and writing ability separately, avoiding manual scoring of essay content, increased delay in score reporting and increased costs to the candidate.

- **Integrated Content**

Guidance was received from the BOE to further explore the assessment of integrated content, items that would assess realistic business concepts and problems that would cross audit, financial accounting and reporting, taxation and general business concepts. Current BEC content still needs to be assessed. Staff is exploring a draft blueprint to include integrated content.

- **Use of Microsoft Excel**

The BOE was supportive of replacing the current spreadsheet tool; staff is exploring the use of Excel by candidates as a tool when performing calculations.

- **The Test Administration Model**

Guidance was received from the BOE to further explore reducing the black-out months, testing in June, allowing retesting of a failed section within a window and other model changes. Note that final endorsement of these changes must be provided by the state boards of accountancy.

The Exposure Draft is still on target for release in September 2015.

It is important to note that:

- Ongoing, error-free administration of the CPA Exam remains a priority for the team.
- The Examinations Team is considering the “enterprise” (NASBA, state boards of accountancy, candidates, Prometric, AICPA) and potential changes to operating policies and procedures (eligibility processes, cost, score release timelines, etc.) in all of its decisions and will work to both minimize change where possible and abundantly communicate any changes where change is required.
- The Examinations Team has made the necessary financial, operational and human resource commitments necessary for the successful launch of the next version of the Exam.

NextGen:

Noel Albertson, Director of Project and Technology Delivery, reported that the NextGen project continues on budget and on schedule in the development of a state-of-the-art, web-based test delivery driver, item authoring environment and changes to support the next version of the CPA Exam. Software releases are scheduled for:

- 2016: Deployment of the new driver and support for ACDC. The candidate will experience a small change in the non-content portion of the interface
- 2017: Support for the next version of the CPA Exam
- 2018: A modernized candidate experience on a large monitor, a web-based authoring environment and an item bank converted to new-style, portable, web-based content

BOE Sponsor and BOE Oversight Group Reports

The BOE received updates from the Financial Oversight Group (FOG) and Volunteer Recruiting.

Leslie Mostow, Chair of FOG, presented an overview of the budget in the FOG Report. The Group reviewed budgeting for the technology and Practice Analysis projects, all of which fall within the scope of the domestic contract.

The BOE also discussed the impact that flat volumes, increased test development and software development costs, and any potential changes to the price of the next version of the Exam would have on the budget through 2024.

Strategic Plan and Operational Update

Michael Decker, Vice President of Examinations, provided an update and led the BOE on a discussion of a few key items including:

- What will the Exam need to look like beyond 2018?
- What is the future of licensure and what external impacts exist to the Exam?
- How do we increase our outreach to employers?
- China: There is interest and support for the U.S. CPA Exam across China. How do we administer the Exam securely in China?

The BOE unanimously approved the Communications Plan.

Onita Porter of the Examination Review Board (ERB), the auditor of the Exam on behalf of the state boards of accountancy, reported that the ERB is on plan for 2015.



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 REAL TIME CONCEPTUAL
INSIGHTS
OVERSIGHT FEEDBACK HUMAN REVIEW **ETHICS** DASHBOARD
EXTERNAL MONITORS CONTINUOUS

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

Table of Contents

Imagine	3
Introduction	3
Executive Summary	4
AICPA Practice Monitoring of the Future	6
Background	6
Phased Approach	9
Internal and External Reporting	10
Increased Engagement Effectiveness and Firm Efficiencies	13
Looking Ahead	13
Stakeholder Feedback	14

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 entities¹.

¹ 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 or through the [AICPA Community website \(aicpa.org/futurepracticemonitoring\)](http://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.

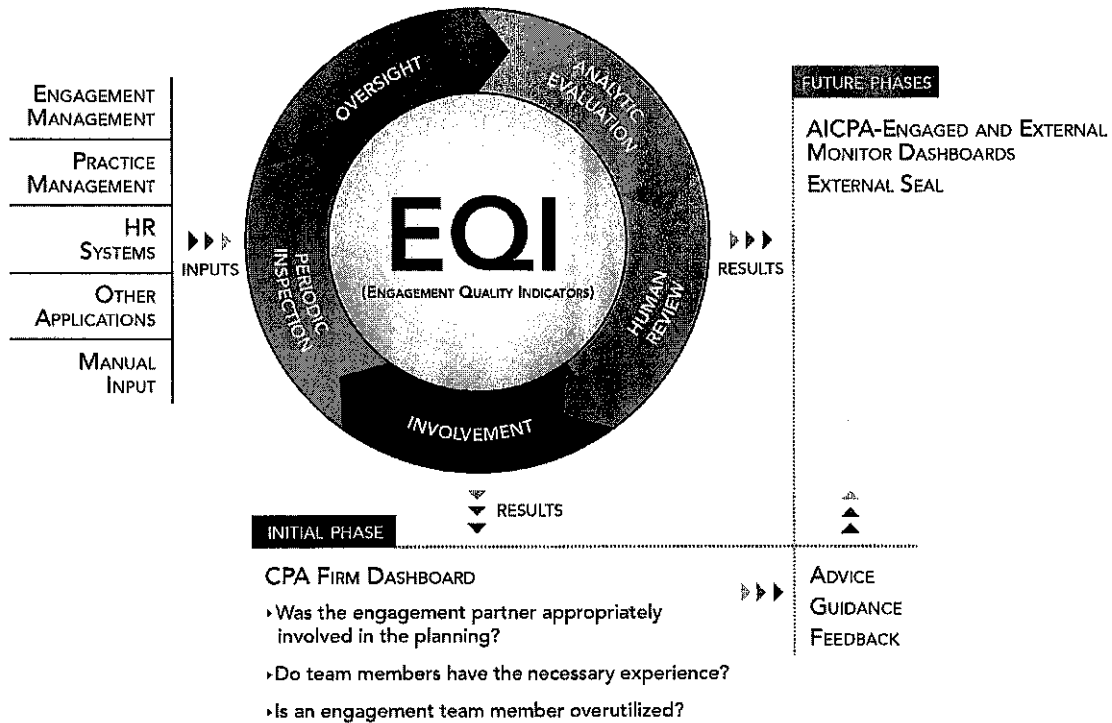
External Seal

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). You may also email comments to 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



**STATE OF OKLAHOMA
OKLAHOMA ACCOUNTANCY BOARD**

February 20, 2015

Dr. Carlos E. Johnson, CPA, Chairman
Nominating Committee
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417

Re: Oklahoma Accountancy Board Nomination of Janice Gray, CPA, for NASBA Vice Chair;
2015 – 2016

Dear Dr. Johnson, CPA:

The Oklahoma Accountancy Board takes great pride in announcing that it unanimously voted to nominate Janice Gray, CPA, for Vice Chair Elect of NASBA. For more than 35 years, Mrs. Gray has honorably served and steered the accountancy profession in numerous capacities. It is Mrs. Gray's distinct leadership skills, professional background and expertise that uniquely suit her for NASBA Vice Chair.

Mrs. Gray's participation in NASBA has been invaluable, regularly attending regional and annual meetings for the past ten years. In 2013, she was elected as the Southwest Regional Director and has served in this capacity for the past three years. Her NASBA committee experience includes serving as Chair for the current and previous four years of the Compliance Assurance Committee as well as serving on the Strategic Planning Committee. Previously, she served on the Audit Committee, Relations with Member Board Committee, NASBA's Education Committee and the Regulatory Response Committee. As Chair of the Compliance Assurance Committee, Mrs. Gray has been instrumental in the continuing development of Peer Review Oversight Committees for NASBA members.

Mrs. Gray held a three-year term as the regulator representative on the American Institute of Certified Public Accountant's Peer Review Board and served a two-year term as an inaugural member of the Board of Examiners State Board Committee. She currently serves as the NABSA representative on the Accounting and Review Services Committee of the AICPA. Previously, she served the AICPA's Peer Review Board while on the Communications Task Force and the Quality Control Materials Task Force. Additionally, she held valuable positions on the AICPA Private Companies Practice Section Technical Issues Committee which provides direct input to the Financial Accounting Standards Board and the Government Accounting Standards Board representing local and regional accounting practices.

Appointed by Governor Brad Henry in 2003, and then again in 2008, Janice Gray has held and excelled at every leadership position on the Oklahoma Accountancy Board. During her ten-year tenure as a member of the OAB, she provided expertise to every OAB Committee, serving twice as Board Chair. Mrs. Gray was active in Oklahoma legislative and rule making process, writing rules on Peer Review Requirements, mobility, and changes in Continuing Education Rules.

As a member of the Oklahoma Society of Certified Public Accountants, Mrs. Gray served on the OSCP Board of Directors; as a member of the Peer review Committee for 11 years; for five years as Chair of one of three Report Acceptance Bodies; Chair of the Technology Committee for two years; a member of the Nominating Committee, Strategic Planning Committee; and the Accounting and Auditing Committee. She also served on year on the OSCP Political Action Committee. As a respected member of the OSCP, she often lectured on the issues related to Peer Review and the changes to SSARS 21 on Compilation and Review.

For all of her professional accomplishments, Janice is a valued member of her community. Several local non-profit organizations have benefited from her expertise both as a member and officer. A member of the Budget and Finance Committee for her church, she also serves on the local Chamber of Commerce Economic Development Sooner Centurions Committee.

Mrs. Gray has received many awards for her service to the accounting profession. She was the 2000 and 2006 Distinguished CPA for the Norman, Oklahoma Chapter of the OSCP. In 2003, She was bestowed the honor of being inducted into the OSCP Accounting Hall of Fame. In 2010, she was nominated for the Athena Award presented to a woman who is honored for professional excellence, community service and actively assisting women in their attainment of professional excellence and leadership skills in Norman, Oklahoma.

Married since 1978 to Rodney Gray, CPA, a 2011 inductee to the Oklahoma Accounting Hall of Fame, they have three children, eight grandchildren and two very special great-grandchildren.

Mrs. Gray is currently the managing partner of Gray, Blodgett & Company, PLLC, a local firm in Norman, Oklahoma, where she has been employed since 1981. She also holds the CVA Certification from National Association of Certified Valuation Analysts and the AICPA designation of Certified Financial Forensics.

It is because of the sum of these qualities, expertise, and experiences, that the Oklahoma Accountancy Board believes this well-respected and superbly accomplished Certified Public Accountant should be the NASBA Vice Chair for 2015-2016.

Best Regards,



Mike Sanner, CPA
Oklahoma Accountancy Board Chair



Randall A. Ross, CPA
Oklahoma Accountancy Board Executive Director

CC: Janice Gray, CPA, CVA, CFF
Oklahoma Accountancy Board, Board Members
State Boards of Accountancy

Janice L. Gray, CPA, CVA, CFF
Norman, Oklahoma 73069

Janice is currently the managing member of Gray, Blodgett & Company, PLLC, a local firm in Norman, Oklahoma, where she has been employed since 1981. Ms. Gray also holds the CVA certification from the National Association of Certified Valuation Analysts and the AICPA designation of Certified Financial Forensics.

Education

High School Diploma – 1967 – Eufaula, Oklahoma

Bachelor of Science – 1977 East Central University, Ada, Oklahoma

Professional Experience

1981–Present - Managing Partner, Gray, Blodgett & Company, PLLC, Norman, OK

1978–1981 - Chief Financial Officer, Pre-paid Legal Services, a Public Company, Ada, OK

1978 - - Staff Accountant, Home & Co., Certified Public Accountants, Ada, OK

National Association of State Boards of Accountancy Experience

Participation in NASBA has included attending regional and annual meetings during the past ten years. In 2013 Janice was elected to serve as a director at large for NASBA. Janice was elected to serve as the Southwest Regional Director for the previous three years.

Committee service has included serving on the Compliance Assurance Committee and serving as chair for the current and previous four years. Current committee service also includes serving on the Strategic Planning Committee. Previous committee services include the Audit Committee, Relations with Member Boards Committee, NASBA's Education Committee and the Regulatory Response Committee.

Serving as chairman of the Compliance Assurance Committee Janice has led in the continuing development of Peer Review Oversight Committees for NASBA members. Included in committee responsibilities has been traveling to several jurisdictions to make presentations of information regarding the peer review process and why PROC's are important to educate members of accountancy boards.

Janice served a three year term as the regulator representative on the AICPA Peer Review Board and served a two year term as an inaugural member of the

Board of Examiners State Board Committee. Janice serves as the NASBA representative on the Accounting and Review Services Committee of the AICPA.

Oklahoma Accountancy Board Service

Appointed by the Governor in 2003 and 2008, Janice held all of the leadership positions on the Board and has served on all of the committees of the Board in her ten year tenure. She served two terms as the chairman.

During her last term as chair, she led the Board through the process of replacing its long term executive director.

She was very active in the legislative and rules process during her service on the board. Janice was very involved in the process of writing rules on Peer Review requirements, legislation on mobility, and changes in CPE rules.

Oklahoma Society of CPAs

Janice served on the Board of Directors of the Oklahoma Society of Certified Public Accountant's (OSCPA). She served as a member of the Peer Review Committee for eleven years and served as chair of one of the three report acceptance committees for five years; chair of the Technology Committee for two years; a member of the Nominating Committee, the OSCPAs Strategic Planning Committee, and the Accounting and Auditing committee.

Janice also served a term on the OSCPAs PAC.

Lectures on issues related to Peer Review and SSARS 21 changes to Compilation and Review.

American Institute of CPAs

Previously Janice served on two task forces with the AICPA Peer Review Board – the Communications Task force and the Quality Control Materials Task Force. She also served on the AICPA Board of Examiners State Board Committee, two three-year terms on the AICPA Peer Review Board (one term as the regulator representative) and on the AICPA Private Companies Practice Section Technical Issues Committee which provides direct input to the Financial Accounting Standards Board and Governmental Accounting Standards Board on behalf of local and regional accounting practices.

Community Service

Several local non-profit organizations have benefited from her experience both as a member and officer. She serves on the local Chamber of Commerce Economic Development Sooner Centurions Committee. Janice has also served as a member of the budget and finance committee for her church.

Awards

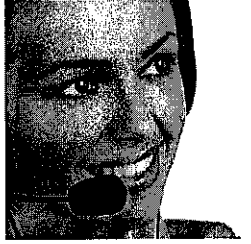
Ms. Gray was the 2000 and 2006 Distinguished CPA for the Norman Chapter of the OSCP.

In 2003 the Oklahoma Society of CPAs inducted Janice into the Oklahoma Accounting Hall of Fame.

In 2010 she was nominated for the Athena Award presented to a woman who is honored for professional excellence, community service and actively assisting women in their attainment of professional excellence and leadership skills in Norman, Oklahoma.

Personal

Married since 1978 to Rodney Gray (who is also a CPA and in the OSCP Oklahoma Accounting Hall of Fame as of 2011), they have three children, eight grandchildren and two very special great grandchildren.



NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

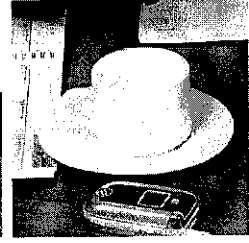
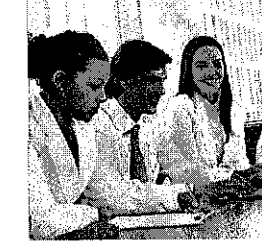
CANDIDATE CONCERNS 14Q4

CANDIDATE CARE DEPARTMENT

OCTOBER 1-NOVEMBER 30, 2014

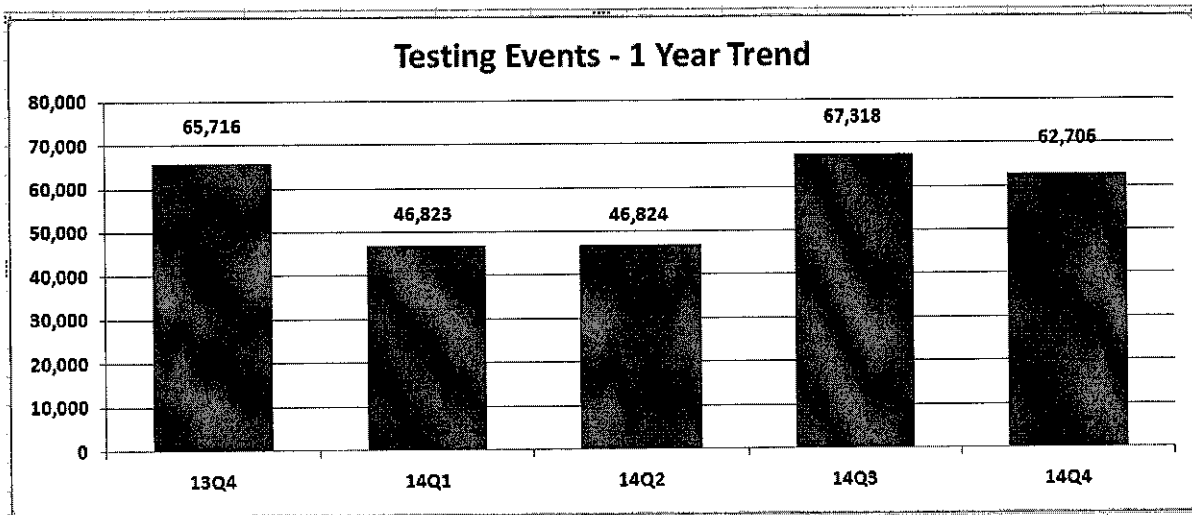
PENNY VERNON, MANAGER

150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417 Tel 615/880-4200 fax 615/880-4290
Web www.nasbo.org



CANIDATE CARE CONCERNS 14Q4
October 1 – November 30, 2014

The 14Q4 testing window of the CPA Examination was relatively uneventful. The charts below provide the number of candidates who tested and a break-down of the concerns sent to NASBA's Candidate Care Department by CPA candidates.



Summary of Candidate Concerns

Category	13Q4	14Q1	14Q2	14Q3	14Q4
AICPA & Test Content	13	16	6	15	21
Candidate Error	77	57	71	92	73
Confirmation of Attendance	133	124	110	161	135
Environment	40	160	0	0	10
International Exam	100	83	65	67	56
Prometric Scheduling Issues	16	21	15	24	26
Prometric Site Issues	47	49	38	47	53
Technical	119	118	95	116	114
Subtotal	545	628	400	522	488
*Coordinator follow-up	178	281	318	383	402
*CPAES & NCD	156	139	145	172	230
Total	879	1048	863	1077	1120

In lieu of more details concerning the testing window, I would like to take the opportunity to describe the mission and process of NASBA's Candidate Care Department.

Mission

The mission of NASBA's Candidate Care Department is to act as an advocate for all CPA candidates.

It is understood that we are dealing with valid concerns as experienced by professionals who are striving and frequently struggling to achieve a major goal in their quest for professional development. We respond empathetically to each candidate, offering reassurance that we are acting on their behalf to resolve the issues presented by them.

Contacting NASBA's Candidate Care Department

Information on how to contact the Candidate Care Department is outlined in the Candidate Bulletin. In addition, candidates receive a "Confirmation of Attendance" print-out at the end of each examination. This document indicates that, if they have experienced any difficulties related to the exam and/or testing environment, they need to report them to NASBA's Candidate Care Department within five days of taking the exam and not wait until the score is received. They are instructed to email candidatecare@nasba.org and include the name of the section and the section ID number recorded on the Notice to Schedule, as well as a complete description of the issue. They may also call (866) 696-2722.

State Board representatives can forward candidates' concerns directly to the candidatecare@nasba.org email or to Penny Vernon, Manager, at pvernon@nasba.org. Once the issues have been investigated, both the candidates and the board are notified of the resolution.

Every concern is addressed personally, regardless of when it is received. However, if candidates wait until the score has been received to report an issue, they usually lose the opportunity to be considered for a free retest related to the concern.

The NAP Group

NASBA's Candidate Care Department works closely with managers from the AICPA and Prometric in resolving issues. The NAP (NASBA, AICPA and Prometric) group meets weekly via conference call to review and make decisions on candidate testing situations that require a

joint decision regarding eligibility for a free retest. This team also monitors possible trends in concerns presented that may warrant further investigation.

Retest Policy

If it is determined by the NAP Group that a candidate is eligible for a free retest, the candidate is then contacted by NASBA's Candidate Care Department. The candidate is told of the decision and given the following information.

If the candidate wants to retake the examination section during the current testing window, he/she will not receive the score from the original exam. The NTS will either be cleared by Prometric or extended by NASBA, if necessary, so the candidate can schedule a new appointment.

However, if the candidate chooses to wait to receive the score and then finds that he/she has not achieved a passing score, the candidate must contact NASBA's Candidate Care Department within 30 days to request a new NTS for the section, at no cost. The new NTS cannot be used until the next testing window.

Process

Once a candidate has contacted NASBA's Candidate Care Department with a concern, it will be resolved and the candidate will receive a response back within five business days. If the issue requires more time, the candidate will be notified and kept in the loop until a resolution has been made.

The Candidate Care Department uses several different tools to investigate concerns. If the issue is about a technical problem that may have interrupted the exam, the AICPA's back-end system containing the candidate's exam files can be accessed and examined to determine if the entire exam was successfully submitted or if the candidate may have lost valuable testing time. For more complex technical issues, the AICPA exam team can be relied upon to investigate further and report their findings back to NASBA. If there is a question about whether or not the disruption would be considered an unfair test experience, it is presented at the weekly meeting for discussion and a decision about a free retest. All questions or concerns about the actual content of the examination are forwarded to the AICPA for a response.

For issues related to situations involving distractions or disturbances at the testing center, the CPRs (Center Problem Reports) generated by each Prometric testing center are reviewed in order to substantiate what the candidate has reported. Sometimes it is also necessary to

request the audio/video recordings of a candidate's experience to fully understand and assess the issue in order make a decision about a free retest.

Questions or concerns about the exam application process, score review, and general information related to educational requirements or state specific inquiries are forwarded to the individual state coordinator.

Inclement weather

During times of inclement weather (which appear to be happening with more frequency), it is the responsibility of the candidate to contact the testing center to determine if it will be open. If the center is closed, candidates will automatically be contacted by Prometric personnel, who will try to reschedule their appointments as soon as possible.

However, if the candidate's NTS is about to expire, he/she will be referred by Prometric to NASBA's Candidate Care Department for an extension. For non-CPAES states, the State Board will be contacted with the request for an extension.

If the testing center is open, and the candidate does not attend due to hazardous road conditions, he/she will be marked as a "no-show." The candidate then needs to contact NASBA's Candidate Care Department, which will request that the candidate fill out the "Exception to Policy" form and attach documentation of the weather conditions in the area in order to have the eligibility cleared so the candidate can schedule a new appointment.

Conclusion

These are some examples of how we interact with your candidates on a daily basis. We listen to the anger, frustration, disappointment and fears. We acknowledge the importance of what they are trying to achieve and offer moral support when appropriate. Overall, we are rewarded knowing that we are providing the quality of customer service not often achieved in this automated world.

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors

October 31, 2014 – JW Marriott, Washington, DC

1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Carlos E. Johnson at 9:02 a.m. on Friday, October 31, 2014 at the JW Marriott in Washington, DC. The 2014-15 Board nominees were asked to introduce themselves.

2. Report of Attendance

President Ken L. Bishop reported the following were present:

Officers

Carlos E. Johnson, CPA (OK), Chair

Walter C. Davenport, CPA (NC), Vice Chair

E. Kent Smoll, CPA (KS), Treasurer, Director-at-Large

Kenneth R. Odom, CPA (AL), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)

Janice L. Gray, CPA (OK)

Richard Isserman, CPA (NY)

Raymond N. Johnson, CPA (OR)

Telford A. Lodden, CPA (IA)

Harry O. Parsons, CPA (NV)

Laurie J. Tish, CPA (WA)

Regional Directors

Donald F. Aubrey, CPA (WA), Pacific

A. Carlos Barrera, CPA (TX), Southwest

Jimmy E. Burkes, CPA (MS), Southeast

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

Tyrone E. Dickerson, CPA (VA), Middle Atlantic

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

Richard N. Reisig, CPA (MT), Mountain

Douglas W. Skiles, CPA (NE), Central

Executive Directors' Liaison

Mark H. Crocker, CPA (TN)

Member Absent

Gaylen R. Hansen, CPA (CO), Past Chair (Attending IMCP Annual Meeting as NASBA rep)

Staff

Ken L. Bishop, President and Chief Executive Officer

Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Louise Dratler Haberman, Vice President - Information and Research
Thomas G. Kenny, Director – Communications
Noel L. Allen, Esq., Outside Legal Counsel
James Suh – President, AEQUO International

Guests

Russ Friedewald (IL), Executive Directors Committee Liaison – 2014-15
J. Coalter Baker, CPA (TX), Southwest Regional Director Nominee
Maria A. Caldwell, CPA (FL), Southeast Regional Director Nominee
Robert J. Cochran, CPA (VA), Middle Atlantic Regional Director Nominee
Janeth Glenn, CPA-Inactive (NE), Central Regional Director Nominee
Ed G. Jolicoeur, CPA (WA), Pacific Regional Director Nominee
Benjamin C. Steele, CPA (NV), Mountain Regional Director Nominee

3. Approval of Minutes

Secretary Ken Odom presented the minutes of the Board of Directors' July 2014 meeting and moved for their approval. Mr. Aubrey seconded and by voice vote the minutes were approved as presented.

4. Report of the Chair

Chair Johnson reported the Executive Committee had held a thorough discussion of the election process for NASBA Board Secretary, NASBA Treasurer and the unexpired Director-at-Large position that would need to be filled when Mr. Burkett was elected Vice Chair at the 2014 Annual Business Meeting. The process is to be discussed with the Board members in preparation for the short meeting to be held directly after the Annual Business Meeting.

During recent months, Chair Johnson reported that he and other NASBA leaders had met with various State Boards. A leadership summit meeting had been held with the AICPA on August 6-7, 2014 and another is scheduled for February 2015. NASBA leaders also met with the entire Public Company Accounting Oversight Board on August 12, and Chair Johnson with Executive Vice President Colleen K. Conrad had attended the Financial Accounting Foundation's annual dinner. The "branding" campaign for NASBA and the Boards of Accountancy is moving forward, Chair Johnson observed, as NASBA had a significant presence at the American Accounting Association's Annual Meeting, August 2-6. Chair Johnson and President Ken L. Bishop made a presentation at the National Society of Accountants' Annual Meeting. Representatives from the Instituto Mexicano de Contadores Publicos, AICPA, NASBA and CPA Canada held a summit meeting in Mexico City July 21-23. Most recently, Chair Johnson had made a presentation to the AICPA's fall Council Meeting. He also noted that NASBA is ramping up its association with the National Association of Black Accountants (NABA), and he had attended their meeting in Tampa with Vice Chair Walter Davenport and NASBA Chief Relationship Officer Alfonso Alexander. NASBA had sponsored the dinner for

accounting Ph.D. candidates who are part of the “Ph.D. Project” to encourage minority students to pursue their doctorates.

The NASBA Leadership Development Group has been meeting and is expected to have a report in January, Chair Johnson said. Another task force is reviewing the nominating process to determine if changes need to be made and, if so, if a change should be recommended to the Bylaws Committee, he reported.

Four NASBA nominees have been appointed to the AICPA’s Professional Ethics Executive Committee, Chair Johnson noted. They will join other PEEC members with State Board experience. This increased State Board presence on PEEC had been suggested by President Bishop and Executive Vice President Conrad to AICPA leadership, Chair Johnson said.

5. President’s Report

President Bishop reported that, with a new lease on the Nashville office space, NASBA is now in the process of a facilities update of its headquarters. From November through January 2015, NASBA will complete the visioning process for the new space, Mr. Bishop told the Board. Once completed, the design and construction plans will begin development. In October 2015, NASBA will take possession and commence the build-out of the sixth floor, so that its offices will span floors 6-8. The layout of each floor and the configurations of the offices are being designed to facilitate a more collaborative environment and greater efficiencies between business units. The 13th floor will be vacated no later than April 1, 2016 and NASBA will be in the new space.

Executive Vice President Conrad reported the NASBA staff had held a “Super Hero Week” in recognition of National Customer Service Week, tied to incentive awards and a quarterly luncheon. A family summer outing event was held on a Saturday at “Dave and Buster’s.”

NASBA staff members are working with Puerto Rico to become the 52nd Board to adopt individual mobility. Only Guam, the Commonwealth of the Northern Mariana Islands and Hawaii now do not have mobility, Mr. Bishop pointed out.

GASB Chair David Vaudt came to meet at NASBA’s Nashville office in September, as part of the GASB’s efforts to reconnect with its stakeholders. This is the third year of the Private Company Council’s existence and the FASB and FAF will soon conduct a required sunset review of the Council, Ms. Conrad commented. FAF representatives have expressed their desire to seek NASBA’s input regarding this topic in the near future. Surveys are also planned. As a member of the Financial Accounting Standards Advisory Committee (FASAC), Ms. Conrad reported the FASB is currently focused on the disclosure framework and they are also considering impacts of e-commerce and other technology on financial statement reporting, as well as other interesting topics. Chair Bishop said he is meeting with Financial Accounting Foundation leaders to discuss what NASBA is doing about encouraging diversity and how those steps might be useful to the FAF.

Prometric President Michael Brannick, who has had significant success with Prometric, came to Nashville to speak with the staff directors, Chair Carlos Johnson and Vice Chair Walter Davenport. He also spoke with Senior Vice President and CFO Michael Bryant about the elements of setting up a collaborative workspace. Walter Isaacson's biography of Steve Jobs was recommended by Mr. Brannick as offering guidance for companies on what to do right and what to avoid. Chair Bishop has asked NASBA directors to go through the book and identify the similarities and differences between Apple and NASBA and discuss what they learn.

NASBA's National Registry Summit for CPE sponsors, held in September, was sold out, Ms. Conrad reported. One highlight of the conference was a session held by the NASBA CPE Committee to encourage input from attendees regarding a preliminary draft of the upcoming revisions to the CPE standards. There are now over 2,000 sponsors on the Registry. Ms. Conrad also provided updates regarding CPA Examination Services (CPAES) and the Candidate Performance Products business units.

Chief Information Officer Cheryl Farrar will be meeting with executive directors at the Annual Meeting. The NASBA IT department is in the process of updating business requirements in anticipation of rebuilding the Examination's gateway system and she wants to have input from the states. Her department continues to focus on strong security controls, Ms. Conrad noted.

President Bishop reminded the Board that NASBA has the fiduciary responsibility to take over the Uniform CPA Examination if something goes wrong, and NASBA now has the resources to do that he reported. Every year NASBA's goal is to provide more for State Boards and to continue to provide quality services in support of the Boards.

The AICPA is conducting a market study to shed light on why more accounting graduates are not pursuing the CPA exam and licensure, Executive Vice President Conrad said. Through a market research firm, they will be sending out thousands of surveys to ask why individuals have not continued to test. Mr. Isserman commented that he thought the AICPA was marketing the Examination in the wrong way, by emphasizing how difficult it is and that therefore those who pass it are better. Ms. Conrad said the continual challenge is in promoting the value proposition of being a CPA and making a career in public accounting. Mr. Friedewald said Illinois' CPA applications were down 30 percent last year. Mr. Skiles noted that the colleges in Nebraska are promoting the MBA, not the CPA.

Although the Uniform CPA Examination is not being given in India, candidates from India are now being allowed to take the Examination in the Middle East, Ms. Conrad reported. Candidates with work or student visas are now being allowed to take the Uniform CPA Examination in certain international locations. A testing center in the Dominican Republic is being considered, which would mean a location where those from the Caribbean, Central America and Mexico could test, Ms. Conrad said. A significant number of Chinese are being licensed in North Dakota because there is no residency requirement there, President Bishop noted.

Ms. Conrad observed that one challenge for practitioners who practice across state lines is knowing and understanding the differences in code of conduct and ethics rules from state to

state. NASBA and AICPA are working together to better understand underlying reasons for differences and focus on paths forward for resolving such differences. There could be possible changes to AICPA's Code of Conduct or consideration of potential statute and rule changes for some Boards of Accountancy. All agree that greater uniformity is in the best interest of the public and the profession.

Another initiative this year will be looking at how accrediting bodies evaluate how universities grant credits for different types of on-line courses and for life experience. Large universities are starting to embrace different teaching formats, Ms. Conrad said. President Bishop reported that he believes NASBA needs to stay ahead of the curve, as higher education is changing so substantively and quickly.

The NASBA Center for the Public Trust now has 23 student chapters. Their fund raising ability has improved, President Bishop said.

6. Report from the Vice Chair

Mr. Davenport said he was pleased with the number of 2014-15 committee interest forms he had received. All current State Board members who had submitted forms were assigned to a committee. He thanked the 2013-2014 committee chairs and committee members for what they had done.

7. Report on AEQUO International

AEQUO International is being established pursuant to the Board's prior resolution, reported James Suh, who will serve as AEQUO International's president. He explained the word "AEQUO" is Latin for "equal," signifying its operational activities of determining the equivalence of foreign credentials to domestic requirements. AEQUO is now in its start-up phase, getting appropriate filings in place and establishing a training pipeline.

8. Report of the Administration and Finance Committee

Treasurer Smoll referred the Board to the audited financial statements, shown on page 50 of the 2014 NASBA Annual Report. He stated that the fiscal 2014 increase in net assets is the highest in NASBA's history. Mr. Smoll reported on the October 30, 2014 meeting with investment advisers and discussed investment performance.

9. Report of the Audit Committee

Audit Committee Chair Isserman stated that the Audit Committee had met on September 29 in Nashville and had recommended acceptance of the audited financial statements and the auditor's report thereon to the Executive Committee. In addition, a recommendation was made to reappoint Lattimore, Black, Morgan and Cain, LLC, as auditors for fiscal 2015. He noted that

a new audit partner is being assigned for the 2015 audit. On October 30 the Executive Committee had voted to accept the Audit Committee's recommendations. Mr. Isserman made a motion for the Board to ratify the Executive Committee's actions, Mr. Parsons seconded, and the motion was unanimously approved.

Mr. Isserman informed the Board that the Audit Committee had received internal control letters from the auditors from both the NASBA and CPT audits noting no material weaknesses. The extent of the Audit Committee's activities during the year were detailed in the 2014 NASBA Annual Report in the Audit Committee letter, he added.

Conflict of Interest forms had been provided in the Board's agenda materials and Mr. Isserman asked the Board members to each read and sign them, noting any conflicts, and then return such forms to Mr. Bryant.

Mr. Isserman discussed the Form 990 review process and that the form had been made available to the Board in advance of the meeting, should they wish to review it. Mr. Bryant reported on one change to be made before filing the NASBA Form 990 related to a description of the CEO compensation approval process. He asked if there were any questions from the Board before filing was effected, and there were none.

10. Executive Directors Committee

On September 22, the Executive Directors determined the topics for the March 24-26, 2015 executive directors conference, Executive Directors Committee Chair Crocker stated. The meeting will be held in Tampa, FL, and will cover the practice analysis, federal agency referrals, peer review, accounting education (including accreditation of life experience), mobility enforcement, international education and U.S. accreditation, NASBA technology update and NASBA assistance with RFPs, legislative issues, standard setters, nano CPE learning, ethics education, and state society relationships.

11. Report from the Legislative Support Committee

Legislative Support Committee Chair Burkett expressed thanks for the hiring of Director of Legislative and Governmental Affairs John Johnson, who has helped the Committee track over 750 bills this year, including more than 200 having a specific impact on the accounting profession. The Committee intends to start a key contact program right after the 2014 election. It has already run a test phase of the program, which will include everyone on the Board of Directors receiving a form asking them to identify contacts who might help with the legislative program. Mr. Burkett encouraged the Board members to complete and return the forms, as the Committee expects this program to be a big part of what it will be working on this year.

12. Report from the Bylaws Committee

Bylaws Committee Chair Burkes explained most of the proposed changes were reported to the NASBA Board at their July meeting. In August the Committee finalized its work and sent the proposals to the member boards at the end of August, meeting the 60-day notice requirement. He summarized the major proposed changes.

Future recommended changes are expected to come from the Nominating Process Task Force group, Mr. Burkes said. He also expects recommended changes on oversight controls will be made next year.

13. Standard Setting Group Report

Reporting on behalf of Standard Setting Group (SSG) Chair Gaylen Hansen, Executive Vice President Conrad said the Group had completed its work and Vice Chair Davenport had decided for 2014-15 it will become the Standard Setting Advisory Committee, with Mr. Hansen as chair and six members. The SSG had agreed they will monitor standard setters, monitor processes and identify best processes. The new Committee's projects have not been selected yet, Ms. Conrad said, but it has been suggested that better support for NASBA representatives on standard setting bodies be provided. A call was held with NASBA representatives on the Auditing Standards Board and a NASBA staff liaison will accompany them to the ASB meeting to provide technical support. Ms. Conrad reported a short summary of the meeting would be made to the Board of Directors. Mr. Riesig said the State Board members of the ASB are excited about talking to a liaison to ensure they are on track as regulators, and they welcome this feedback.

Ms. Conrad said a similar review of the PEEC's agenda with the PEEC State Board members is planned.

A meeting with PCAOB was held in August and a NASBA/PCAOB staff meeting is to be held in November, Ms. Conrad said. They plan to discuss CPAVerify with the PCAOB. Participants will be PCAOB's Claudius Modesti and Ms. Conrad, NASBA staff members Stacey Grooms, Maria Caldwell, and Rebecca Gebhardt, and Virginia Board Executive Director Wade Jewell. Ms. Conrad asked the Board members to report to her any of their frustrations with the PCAOB or HUD.

14. Report from UAA Committee

UAA Committee Chair Odom observed the past year had been a busy one for the UAA Committee with the release of the 7th Edition of the Uniform Accountancy Act. The NASBA Committee is considering working on the retired CPA issue, based on the work of a task force that concluded under the present UAA Section 6(d) an "inactive CPA" cannot do anything. A new task force will address 6(d). Some new Model Rules on this topic may be developed by the

Committee. Coalter Baker will be Chair of the NASBA UAA Committee 2014-15 and it will be up to him to move the ball forward, Mr. Odom said.

15. CBT Administration Committee

CBT Administration Committee Chair Reisig underscored the Board of Examiners' practice analysis is now in progress and it is an important event for the development of the Uniform CPA Examination. An invitation to comment was issued and the CBT Committee has drafted a response letter, which will be routed through the Regulatory Response Committee and on to the NASBA Chair and President to be submitted by the December 2, 2014 comment deadline. Prior to that date a survey will be sent out to obtain more feedback. Questions are being posed about the number of sections, what should be tested, multiple choice format, etc. Mr. Reisig said the practice analysis will be monitored by the CBT Administration Committee.

16. Report from the Regulatory Response Committee

RRC Chair Fritz reported the Committee had reviewed and/or developed five response letters in the last quarter. He summarized the points the NASBA draft letter was making in response to the AICPA's "Enhancing Audit Quality" white paper and asked that the Board members send him any comments they might have on the draft within the next few days. Mr. Fritz noted the RRC had worked with the Compliance Assurance Committee to develop the letter.

17. Report on ARSC

Ms. Gray, who serves as a member of the AICPA's Accounting and Review Services Committee, reported ARSC finally issued SSARS 21 on October 23, 2014. Early implementation is permitted, but Ms. Gray said she is warning practitioners that this will have to be done one client at a time and an education process will be needed. ARSC is developing a financial forecasts exposure draft for its January 2015 meeting.

Based on comments received, the Peer Review Board may allow a firm to have a peer review on a preparation service if the State Board requires it. The Texas Board has asked for a comment deadline extension on the AICPA's "Enhancing Audit Quality" paper, Ms. Gray stated. The paper references a "competence model" which had been discussed with regulators. NASBA has not seen the competency model. Ms. Gray said an exposure draft on the peer reviewer experience is anticipated in January.

18. Report on Washington/BC Meeting

Mr. Aubrey reported representatives of the Washington State Board of Accountancy and the Institute of Chartered Accountants in British Columbia had met to review a draft of a memorandum of understanding on working together to regulate accountants crossing the national border to operate in each other's jurisdiction. Among those attending the four-hour long meeting were: Richard Rees - Executive Director of the BC Institute, Rick Sweeney – Executive Director of the Washington Board, Kevin Dancey – Executive Director of CPA Canada, Mat Young – AICPA Vice President and Dan Dustin – NASBA Vice President of State Relations. Only about 15 minutes of the meeting were devoted to discussion of cross-border mobility, Mr. Aubrey said, as it was realized that firm mobility would not be implemented soon. Most of the meeting was focused on how to share enforcement information. It is expected the MOU will be signed later this year.

The group agreed to develop frequently asked questions for licensees who want to practice across the border, to be issued early in 2015. Messrs. Sweeney and Rees are working on it together and basing their answers on rules and regulations that are currently in place.

Mr. Aubrey said the discussion of cross-border mobility is not on the table, and he pointed out that Canada has not yet achieved mobility among its own provinces.

19. Policy Discussion

Chair Carlos Johnson asked the Board to consider the issue of what services inactive CPAs (as defined in the Uniform Accountancy Act) can do. Mr. Odom had said the UAA task force concluded that Section 6(d) needs to be changed if inactive CPAs are to be able to perform volunteer work, serve on boards of directors, etc. Mr. Johnson explained that the third edition of the UAA had been written to say someone who uses the title "CPA" must take continuing professional education. At that time the definition of "public practice" was deleted from the UAA and references were made to "professional practice," instead.

President Bishop explained that currently the CPA-inactive cannot do anything that is relied upon by the public. However, 27 states have created the term "retired CPA." He believes there is a difference between a person who has practiced for 25 years in good standing with his board and someone who is just not keeping up with their CPE. There is a range of opinion on this matter, he noted, with some UAA Committee members believing CPE is necessary for someone who serves on a board of directors or volunteers to help non-profit organizations. Others on the UAA Committee believe that CPA-inactives should be able to perform any service less than attest. He thought a "retired" category might be brought into the UAA.

Ms. Tish said she would rather have the Accountancy Board track the individual as "retired," than not track him or her at all. She pointed out that as the CPA population ages, there needs to be a policy that will allow these professionals to continue to be beneficial to the public.

Ms. Glenn, who is a CPA-inactive in Nebraska said she would like to see a clearer definition in Rule 6(d).

In the new AICPA Code of Conduct there are 13 references to “retired,” Mr. Odom noted. Ray Johnson reported a number of those references apply to including the retired CPA’s name in the firm’s name. Under the new code, “retired CPA” falls under a different Section 3, he said.

The UAA Committee will continue to work on this issue, Chair Carlos Johnson said.

20. Board Appointment Process

Chair Johnson reviewed the procedure developed by the Executive Committee for filling the vacant NASBA Board of Directors position to be created when Mr. Burkett is elected vice chair. The newly elected 2014-15 NASBA Board of Directors is to meet after the Annual Business Meeting and will then vote to fill Mr. Burkett’s remaining two-year term as Director-at-Large, and to select the Board’s Secretary and Treasurer. All candidates for Mr. Burkett’s seat must be nominated and seconded and each nominator will have two minutes to speak on behalf of his or her nominee. Ballots will be distributed, and then counted by legal counsel and the NASBA Past Chair. The candidate must receive a majority of votes cast to be elected as the Director-at-Large. Mr. Johnson called for a motion that the Board ratify this action of the Executive Committee. Mr. Barrera so moved and all approved.

21. Thanks

Chair Johnson said he would like to offer congratulations to each of the individuals stepping down from the Board of Directors. Mr. Daley made a motion to recognize their individual service. Mr. Burkett seconded. All voted in favor.

22. Future Meetings

Vice Chair Davenport said the next meeting of the Board of Directors will be held on January 22, 2015 in Marco Island, FL. The April meeting will be in Asheville, NC; the July meeting in Seattle, WA; and the 2015 Annual Meeting and meeting of the Board of Directors will be in Dana Point, CA. Details about the meetings will be sent out by the NASBA staff. He encouraged the Board members to make their reservations for the January meeting. Mr. Davenport said he looks forward to a fruitful year.

23. Adjournment

There being no additional business, the meeting was adjourned at 4:08 p.m.

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors

November 4, 2014 - JW Marriott, Washington, D.C.

1. Call to Order

A meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Walter C. Davenport at 11:30 a.m. on Tuesday, November 4, 2014 at the JW Marriott in Washington, D.C.

2. Report of Attendance

President Ken L. Bishop reported the following were present:

Officers

Walter C. Davenport, CPA (NC), Chair
Donald H. Burkett, CPA (SC), Vice Chair
Carlos E. Johnson, CPA (OK), Past Chair

Directors-at-Large

A. Carlos Barrera, CPA (TX)
Janice L. Gray, CPA (OK)
Raymond N. Johnson, CPA (OR)
Telford A. Lodden, CPA (FL)
Harry O. Parsons, CPA (NV)
Richard N. Reisig, CPA (MT)
E. Kent Smoll, CPA (KS)
Laurie J. Tish, CPA (WA)

Regional Directors

John F. Dailey, Jr., CPA (NJ), Northeast Regional Director
J. Coalter Baker, CPA (TX), Southwest Regional Director
Maria A. Caldwell, CPA (FL), Southeast Regional Director
Robert J. Cochran, CPA (VA), Middle Atlantic Regional Director
W. Michael Fritz, CPA (OH), Great Lakes Regional Director
Janeth Glenn, CPA-Inactive (NE), Central Regional Director
Ed G. Jolicoeur, CPA (WA), Pacific Regional Director
Benjamin C. Steele, CPA (NV), Mountain Regional Director

Russ Friedewald (IL) – Executive Directors Committee Liaison

Staff

Ken L. Bishop, President and Chief Executive Officer
Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Louise Dratler Haberman, Vice President - Information and Research

Noel L. Allen, Esq., Outside Legal Counsel

3. Election of Officers

Following an explanation of the election process by NASBA Chair Walter Davenport and Past Chair Carlos Johnson, the 2014-15 NASBA Board of Directors took the following actions:

The Board re-elected E. Kent Smoll (KS) as NASBA Treasurer.

The Board elected Laurie J. Tish (WA) as NASBA Secretary.

The Board elected Jimmy E. Burkes (MS) to fill the remaining two years of Mr. Burkett's three-year term as Director-at-Large.

4. Adjournment

Chair Davenport adjourned the meeting at 11:45 a.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting January 23, 2015 – Marco Island, FL

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, January 23, 2015 at the Marriott Marco Island Resort, in Florida, the Board took the following actions:

- Heard from NASBA Chair Walter Davenport (NC) a summary of the many NASBA committee conference calls and in-person meetings he had attended over the last quarter. He thanked the members of those groups for all the work they are undertaking on NASBA's behalf. He announced NASBA has become a sponsor of the American Accounting Association's Ph.D. Project, which encourages minority group members to pursue their doctorates. As the NASBA/AICPA leadership summit will take place on February 6, Chair Davenport asked that the Board members relate to him any matters they would like discussed at that meeting.
- Received a report from President Ken L. Bishop on conversations being held to consider a new pathway for State Boards to recognize experienced international professionals. Mr. Bishop also noted that 50 jurisdictions are now fully participating in the Accountancy Licensee Database, making it the most complete database of its kind for information on licensed professionals.
- Were asked by Legislative Support Committee Chair A. Carlos Barrera (TX) to participate in the Legislative Support Committee's Key Person Program, in order to reach out to elected officials and inform them about the State Boards' issues. He encouraged all State Board members to become part of this effort.
- Approved the financial statements for the four months ended November 30, 2014 as presented by NASBA Treasurer E. Kent Smoll (KS). He reported that the results were on track with the operating budget and that investment returns were in line with market performance for the period.
- Learned from Executive Vice President and Chief Operating Officer Colleen K. Conrad that the Enforcement Committee, chaired by Harry O. Parsons (NV), and NASBA staff, continue to strengthen relationships with federal regulatory bodies. She stressed the importance of State Boards' following through on referrals sent to them by these bodies, in particular those recently identified by the Department of Labor.
- Received a report from NASBA Center for the Public Trust President Alfonzo Alexander on the progress of the CPT's student chapters, ethics certification program and "Being a Difference" award program. Mr. Alexander reported the CPT has received contributions from the Daniels Fund, Center for Audit Quality, AICPA, The Accountants Coalition, PricewaterhouseCoopers, Deloitte and other firms.

- Were given a report by NASBA Senior Vice President and Chief Financial Officer Michael R. Bryant on NASBA's redesign of its Nashville headquarters. NASBA will be occupying floors 6-8 of its current office building, with the 6th floor becoming vacant in October 2015, perhaps earlier. By April 2016 the move is expected to be completed, Mr. Bryant said.
- Heard from Continuing Professional Education Committee Chair Maria Caldwell (FL) that the Committee is preparing to bring revised CPE Standards to the April meeting of the NASBA Board of Directors for approval to release for comment. The new standards add guidance on "nano learning" and "blended learning" for CPE.
- Were presented the agenda for the 33rd Annual Conference for Executive Directors and Board Staff (March 24-26 in Tampa, FL) by Executive Directors Committee Chair Russ Friedewald (IL). The Board members were asked to encourage all states to be represented at the Executive Directors Conference and the concurrent 20th Annual Conference for Board of Accountancy Legal Counsel. State CPA Society executives will be invited to participate in joint sessions with the Executive Directors and Legal Counsel.
- Discussed with Education Committee Chair Robert J. Cochran (VA) the issues under consideration by his committee, including: the impact of colleges' awarding credit on the basis of competency and/or life experience rather than class time, the meaning of accreditation of schools and the acceptance of advanced placement accounting courses.
- Voted, as the sole shareholder of the NASBA Center for the Public Trust, to appoint to the CPT Board: Cynthia Cooper, William W. Fowler, Melvin J. Malone and Sean P. McVey. The motion to appoint the four new members was made by Vice Chair Donald H. Burkett (SC), seconded by Mr. Parsons, and unanimously approved.

The next meeting of the NASBA Board of Directors is scheduled for April 24, 2015 in Asheville, NC.

Distribution: State Board Chairs/Presidents, Members and Executive Directors, NASBA Committee Chairs, NASBA Board of Directors, NASBA Staff Directors

Executive Summary
November 19, 2014 – December 22, 2014
Regional Directors' Focus Question Responses

44 Boards Responding

(AL, AK, AZ, AR, CA, CNMI, CO, CT, DC, FL, GU, HI, ID, IL BOE, IL DFPR, KS, KY, LA, MI, MN, MS, MO, MT, NC, ND, NE, NH, NJ, NV, NM, OH, OK, OR, PA, PR, RI, SD, TN, TX, VA, VT, WA, WV, WY)

1. We understand that some estate attorneys on the west coast are advising partners of CPA firms to move their partnership equity account into a living trust. Does your accountancy act allow for partner's interest to be held in a trust capacity?

Yes – 4 No – 20 Depends – 2 Not Addressed – 17 N/A - 1

2. At the NASBA Annual Meeting and October Board of Directors' meeting, there were concerns voiced regarding changes in accounting education, specifically allowing college credit for life experience, testing out of college courses, and other accelerated accounting degree programs. NASBA is considering ways of tracking disparities in accounting education. Has your Board discussed or raised concerns about the disparity in qualifying courses and methodologies in accounting education? If so, can you describe the concerns raised?

Yes – 17 No – 27

Some concerns: KS restricts "alternative courses"; MT adopted rules that don't allow experience to count toward education requirements; WA established a "Qualifications Committee" to address the "changing landscape" in basic education requirements for examination and licensure. See Report for more responses.

3. Should there be reconsideration of developing a "CPA - retired" status besides the "CPA-inactive" status (currently in the Uniform Accountancy Act) that would apply to people who have been in public practice for at least 20 years with no disciplinary charges against them? Explain.

Yes – 11 Already have - 15 No – 11 No position – 4 Not discussed – 2 N/A - 1

Explain: AK – "CPA-retired" would clearly define how these licensees could hold themselves out and what, if anything, they are allowed to do; MO – 20 years is too short of a timeframe; WV – "Retired" status should be for individuals over 62; TX – "Retired" status should not be based on years of practice because, for instance, 20 years permits a CPA beginning practice at age 25 to retire at age 45. See Report for more responses.

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

AL – The Executive Director is retiring; CO – On or after 7/1/15, exam requirements will remain at 120 hours and licensure requirements will increase to 150 hours plus one year of experience; TN - Continues to deal with unusual firm names and currently discussing more complex accounting firm ownership structures; NC – legislature released study re: possible consolidation, centralization or elimination of occupational licensing boards in North Carolina. See Report for more responses.

5. Are there any ways in which NASBA can assist your Board at the present time?

CO - Would like more information on CPE Tracking; Guam – Produce white paper to address legal issues of prosecuting violators of MRA licensees and mobility statutes; HI – Requests NASBA develop a database of acceptable educational institutions Boards can refer to in determining educational qualifications of a licensure applicant; NM & TN – Assistance with PROC. See Report for more responses.

For details, see Regional Directors' Focus Question Report.

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between November 18, 2014, and December 22, 2014. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

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

J. Coalter Baker (TX) – Southwest Regional Director

Maria E. Caldwell (FL) – Southeast Regional Director

Robert J. Cochran (VA) – Middle Atlantic Regional Director

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

Janeth Glenn (NE) – Central Regional Director

Edwin G. Jolicoeur (WA) – Pacific Regional Director

Benjamin C. Steele (NV) – Mountain Regional Director

1. We understand that some estate attorneys on the west coast are advising partners of CPA firms to move their partnership equity account into a living trust. Does your accountancy act allow for partner's interest to be held in a trust capacity?

Alabama – Alabama's accountancy act does not allow for trust ownership of CPA firms. Owners must be individual CPAs, PAs or non-licensees (up to 49%).

Alaska – The Alaska Board has not had this issue/question come up and this is not specifically addressed in current Alaska statutes/regulations.

Arizona – No, our statutes do not address this issue.

Arkansas – Our accountancy act does not specifically allow or deny this.

California – It depends upon who will be holding legal or equitable interests in the trust. Interested parties should review the relevant provisions of the Moscone-Knox Professional Corporation Act (California Corporations Code Sections 13406, et seq.) and the Accountancy Act's exemptions to nonprofessional ownership at Business and Professions Code Section 5079, including the requirement that each ultimate beneficial owner of an equity interest be "a natural person materially participating in the business conducted by the firm or an entity controlled by the firm."

CNMI – Our statute is based on the 2002 UAA. The word "trust" does not appear anywhere in the public law.

Colorado – No. The act requires an active CPA under 12-2-117, C.R.S.

Connecticut – No, the Connecticut State Board of Accountancy's Regulation § 20-280-15(c) specifies that the form of practice must be as follows: "a licensee may practice public accountancy only in

proprietorship, a partnership or a professional corporation, organized in accordance with Chapter 594a of the general statutes.” In addition, Statute 20-281e, specifies the majority of the ownership of a Firm to “belong to individuals holding a valid license to practice public accountancy”. In (c)(2) the non-CPA owners can be “a natural person who actively participates in the business of the firm” or an entity. However, but the beneficial owner of an entity needs to be a “natural person who actively participates in the business conducted by the firm.”

District of Columbia – This is a Practice Act Issue.

Florida – No it does not.

Guam – Guam law does not address this issue.

Hawaii – This issue is not specifically addressed in the Board’s statutes.

Idaho – In looking at the applicable Idaho Code along the Idaho Accountancy Act & Rules, moving partnership equity to a living trust would not be allowed. Idaho Accountancy Act 54-214 (2)(a) states in part “...Notwithstanding any other provision of law, a simple majority of the beneficial ownership of the firm belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members or managers, whose principal place of business is in this state, and who perform professional services in this state hold a valid certificate and license issued by this state. If the trust, which is not a licensee has ownership or if the trust has trustees and beneficiaries that are not licensees, this is problematic to the Board.”

Illinois Board of Examiners (BOE) – N/A.

Illinois Department of Finance and Professional Regulation (DFPR) – The Illinois Public Accountancy Act [225 ILCS 450] does not address this issue.

Kansas – K.A.R. 74-7-3. Revocable living trusts. An owner of a firm may include a partner, shareholder, member, or a trustee of a revocable living trust established by a licensed CPA or other natural person permitted to own an interest in a firm pursuant to K.S.A. 1-308 and amendments thereto, if the terms of the trust include all of the following provisions:

- (a) The CPA or other natural person is the principal beneficiary and a trustee of the trust.
- (b) The CPA or other natural person has the unrestricted right to revoke the trust.
- (c) The trust does not continue to hold an ownership interest in the firm following the death of the CPA or other natural person for more than a reasonable period of time necessary to dispose of the stock or ownership interest.

Kentucky – We have never been asked to address this question. Nevertheless our statutes require CPAs, who by definition are natural persons, to hold 51 percent ownership interest in a firm which includes voting rights and financial interests. If the transfer to the trust includes ownership interests in the firm the transfer may be in violation of this requirement even if the trust is controlled by the CPA during his lifetime. In addition in the Kentucky Corporation Law there are other limitations placed upon ownership interests of business entities owned by licensed professionals that could limit or prohibit this type of transfer.

Louisiana – No; in essence, a simple majority of ownership essentially must belong to holders of valid active certificates who are licensed in some state, and non-licensee owners must be active individual participants.

Michigan – This is not addressed in our accountancy regulations or administrative rules.

Minnesota – No.

Mississippi – No. The Mississippi Accountancy Act requires CPA firms to be wholly owned by natural persons.

Missouri – Yes. Missouri Rule 20 CSR 2010-2.095 – Ownership of CPA firms provides guidance for trust ownership.

Nebraska – The Board received an inquiry somewhat similar to this issue from a sole proprietor/ CPA requesting to make this move into a trust with his wife. Based on an unofficial/initial review by the Attorney General's Office it appeared this arrangement might violate the non- CPA ownership provisions of the Public Accountancy Act by not being able to ascertain the majority ownership by the CPA within the trust. The Public Accountancy Act and Board regulations do not specifically address this issue. Possibly, NASBA could have Noel Allen provide some guidance on this issue.

Nevada – No, Nevada's law indicates that the firm must be a "natural" person or comprised of "natural" persons. Our accountancy rules do not allow for partner's interest to be held in a trust capacity.

New Hampshire – This is not addressed in the Board's statute.

New Jersey – New Jersey's Accountancy Act is silent on this matter.

New Mexico – The New Mexico statute does not address this directly. Basically, as long as the simple majority of the CPA firm's ownership consists of CPA license holders.

North Carolina – No. Pursuant to our General Statutes and Administrative Code, all CPA firm owners shall be natural persons.

North Dakota – North Dakota accounting law does not specifically address this question. However, it does require that the majority of a firm's ownership be held by licensees. A trust could not be an individual licensee, and could become a firm licensee without already being a licensee. Board rules specify that the non-majority owners are to be individuals.

Ohio – A qualified no. This is a complex legal question with no easy answer.

Oklahoma – Currently there are no provisions in the Oklahoma Accountancy Act to allow firms to be placed in a trust.

Oregon - It depends. In Oregon this is not specifically disallowed. It would become a question of legal interpretation. ORS 673.160(5)(a)(A) does require in effect that the majority of a business organization that is required to register with the Board be held by licensees. The issue then would be if an argument could be made that that requirement is no longer met if the CPA owners of the firm move their

partnership equity into a living trust. That is more of a legal analysis question. I think the spirit / intent of the Oregon law cited above would still be met.

Pennsylvania – Under the Pennsylvania Statute at Section 8.8 (f), “An equity interest in a firm may be owned indirectly but only if all of the ultimate indirect beneficial owners of the equity interests are licensees.” Thus, it does appear possible to move an equity interest into a living trust so long as the ultimate owner of that interest is a licensee.

Puerto Rico – Puerto Rico accountancy laws and existing jurisprudence do not contain a section covering this topic. This is subject to further research by the Puerto Rico Board of Accountancy.

Rhode Island – R.I. Gen. Laws § 5-3.1-9(b)(1)(ii) provides: "For firms of public accountants, a majority of the ownership of the firm, in terms of financial interests and voting rights, must belong to holders of permits under § 5-3.1-7, and provided, that any such entity as defined by this subsection may include non-licensee owners provided that...(B) All non-licensee owners are active individual participants in the entity." Therefore, a partner's interest must be held in an individual capacity and not in a trust capacity.

South Dakota – A partner may have their interest in a trust, which would be considered a non-CPA owner in the firm. The firm would still be required to meet the ownership requirements in SDCL 36-20B-33, where a majority of the owners of the firm, in terms of financial interests and voting rights, are holders of a certificate and licensed in some state.

Tennessee – This is an issue with which we have not yet been faced. Our rules require that a firm be owned at least 51 percent by certified public accountants. Putting ownership of a firm in a trust may not affect the ownership percentage, but it certainly may affect functional control of the entity, which is the main concern of the Board.

Texas – No. In order to qualify to be an owner of a CPA firm in Texas, you must be an individual that has passed an examination on the Rules of Professional Conduct, maintain the minimum number of required hours of Continuing Professional Education as well as other provisions that only an individual can perform. A living trust therefore does not qualify to be an owner of a CPA firm.

Vermont – Vermont Statute requires that a simple majority of firm ownership be held by licensed CPA's. The law also indicates that non-licensed owners also must be “active individual participants” in the firm. As such, the Vermont law clearly does not anticipate a partner's interest being held in trust. An individual partner's ability to hold their interest in a living trust would be open to legal interpretation as the laws and rules are currently written.

Virginia – The Virginia Board of Accountancy Statutes state:

§ 54.1-4412.1. Licensing Requirements for Firms.

D. For a firm to obtain a Virginia license:

1. As determined on a firm-wide basis:
 - a. At least 51 percent of the owners of the firm shall be licensees, trustees of an eligible employee stock ownership plan as defined in § 13.1-543, or a firm that meets this requirement.
 - b. At least 51 percent of the voting equity interest in the firm shall be owned by persons who are licensees, by trustees of an eligible employee stock ownership plan as defined in § 13.1-543, or by a firm that meets this requirement.

If the death, retirement, or departure of an owner causes either of these requirements not to be met, the requirement shall be met within one year after the death, retirement, or departure of the owner.

There are no other requirements regarding partner's interest.

Washington- No. The Washington Act and Board Rules permit licensure only by a "person." The Act and rules define a "person" in RCW 18.04.015(18) as follows:

"Person" means any individual, nongovernmental organization, or business entity regardless of legal form, including a sole proprietorship, firm, partnership, corporation, limited liability company, association, or not-for-profit organization, and including the sole proprietor, partners, members, and, as applied to corporations, the officers.

West Virginia – The West Virginia Accountancy Act does not address this situation.

Wyoming – There is no provision in the Board's statutes or rules and regulations that addresses this issue.

2. At the NASBA Annual Meeting and October Board of Directors' meeting, there were concerns voiced regarding changes in accounting education, specifically allowing college credit for life experience, testing out of college courses, and other accelerated accounting degree programs. NASBA is considering ways of tracking disparities in accounting education. Has your Board discussed or raised concerns about the disparity in qualifying courses and methodologies in accounting education? If so, can you describe the concerns raised?

Alabama – No concerns have been raised by the Alabama Board. Alabama only accepts courses that are included for college credit on transcripts issued by accredited colleges and universities.

Alaska – The Board was fortunate to have NASBA staff attend a recent meeting. The discussion centered around foreign education and credential evaluation companies, so the Board has not discussed current potential issues with domestic education. We would be interested in additional information regarding any disparities.

Arizona – The Board has not discussed this issue.

Arkansas – This has not been addressed/discussed at the Board level. We are interested in any updates or efforts that NASBA may have in this area.

California – No, the California Board of Accountancy has not discussed disparity in qualifying courses and methodologies in accounting education.

CNMI – We have not discussed this.

Colorado – The Colorado Board discussed this question and it did not raise concerns about this issue especially considering that institutions of higher learning/education are making the assessments on what counts towards college credit and what does not. The Board does not wish to assume the role of a college or university nor does it wish to serve as an accrediting body in making this determination.

Connecticut – The Connecticut State Board of Accountancy has not formally discussed the disparity in qualifying educational concerns; however, the Board has discussed the level of written incompetence displayed among new licensees. The Board recommends that consideration be given to the concept of introducing mandatory business writing courses in the accounting curriculum required for licensure.

District of Columbia – No.

Florida – Florida’s rules allow specific accounting and/or business credit for advanced placement courses and allow CLEP (College Level Examination Program) hours to count towards total hours, but not specific accounting and/or business credit. Our rules do not allow any credit for life experience. The Board continues to discuss and is concerned about the programs that use competency units and accelerated accounting degree programs especially when they seem to be self-study programs and the only assignment/requirement is the final exam.

Guam – No, Guam depends on the evaluations of accreditation agencies to determine the acceptability of course credits at this time.

Hawaii – No, the Board has not discussed or raised concerns about this issue. The Board relies upon the accrediting body to support its acceptance of the credits.

Idaho – Some of the concerns raised in our discussions include what would actually qualify as life experience and how it would be measured. A big question would be if you took time in hours how would that translate to credits which we use as a basis for qualification to sit for the exam and eventually licensing when considering life experiences. We are also concerned about how to be consistent with the disparities and subjectivity of evaluating accounting education. While we know there will always be disparities, we feel being able to evaluate them on a consistent basis would be a high priority.

Illinois BOE – Our Board has not yet discussed this issue.

Illinois DFPR – No, however, the Department of Financial and Professional Regulation of the State of Illinois and the Public Accountant Registration and Licensure Committee are always interested in ensuring consistency and quality in accounting education.

Kansas – Back in 2006, a CPA candidate sought legislation to require the Board to allow for “alternative credits,” which resulted in a law that would allow all 150 hours to be taken “alternatively.” The Board sought, and obtained, the governor’s veto on that law. The next year, legislation was passed to restrict the number of “alternative credits” within the 42 hours of business, 11 hours of communication and 30 hours of accounting, to a total of 6 semester credits. The remainder of the 150 hour requirement however, could be obtained by “alternative credits” if the Board accepted the college.

Kentucky – The Board members have become concerned over this issue which resulted in a recent amendment to our education/exam regulation to prohibit accepting credit awarded for any life experience courses and the Dantes Subject Standardized Testing program. We also placed limits on accepting credits obtained through CLEP and internships.

Louisiana – Our Board has not expressed concerns about differences in methodologies in education yet, although it is aware that this is being discussed in the education arena. The Board currently allows credits

for testing out of college courses to apply towards the 150 hour requirement, and we have not seen where this is a significant number of credit hours earned.

Michigan – Under the Michigan Administrative Rules, which stipulate qualifying education to become a CPA, such alternative forms of education are not permitted. Nor is it planned that such alternative forms of education will be permitted in the future.

Minnesota – No.

Mississippi – The Board discussed these topics but took no action.

Missouri – No discussion has been held regarding this issue by the Missouri Board.

Montana – We currently adopted rules that don't allow experience to count toward education requirements. We do accept CLEP courses if they are accepted by an accredited 4-year institution and appear on that institution's transcript.

Nebraska – The Board has not specifically discussed these issues; however, has been monitoring while attending NASBA Meetings. Board regulations defer to Nebraska educational institutions in determining what courses can be included on their official transcripts. This would appear to be an important issue for future consideration and input by State Boards, but educational institutions and accounting educators (AAA) must be at the forefront of this issue to provide guidance and recommendations on proper accounting education requirements. State Boards could look to NASBA to assist in the review of these concerns and provide guidance in the future within the UAA.

Nevada – The Nevada Board does not have concerns regarding the qualifying courses as outlined above. The Board's rules indicate that all education must be from an accredited college or university. The Board relies on the accrediting standards and the colleges implementing those standards.

New Hampshire – To date, this has not been an issue. It may become an issue in the future.

New Jersey – The New Jersey Board has recently introduced changes to the regulations regarding required education. Generally speaking, if the various institutions of higher learning will grant credits as part of a degree as detailed on a transcript they are deemed acceptable. No further discussion has taken place.

New Mexico – The Board implemented an Examination task force to address educational requirements last year. At this time, the Board will research further in the upcoming two years after further research is compiled.

North Carolina – NCGS 93-12(5) states that a bachelor's degree shall be from a college or university that is accredited by one of the regional associations and contain 30 semester hours of accounting coursework not to include more than six semester hours of principles of accounting and no more than three semester hours of business law. If a college or university gives college credit (on an official college transcript) to life experience, testing out of a course, and other accelerated accounting degree programs, our Board will accept the coursework.

North Dakota – There has not been discussion recently among the Board. However, at present, we would probably accept such innovative educational options if a college acceptable to the Board were to do so within the student's transcript. However, we may restrict such credit to counting general education credits, rather than toward the concentration.

Ohio – Ethics courses – what qualifies? Currently, require credit or a transcript. Different from certification ethics and Ohio specific (continuing education) ethics.

Oklahoma – There have been informal discussions about allowing advanced placement courses to qualify for the education requirements in Oklahoma provided universities accept them for college credit. There is a general hesitancy to allow life experience to qualify for candidate qualification.

Oregon – The Oregon Board has not specifically discussed this. Having said that, the current climate of the Board is more inclined to raise educational standards, as evidenced by the last round of rulemaking. As such I am pretty confident the issues presented in the question would likely raise some concerns at the Board level.

Pennsylvania – We are just starting to have these discussions as a result of the exposure to these issues raised at the NASBA conferences. To date, as long as the educational institution granted the credit, it was acceptable for our purposes as well.

Puerto Rico – The Board has not covered this matter. We will be discussing education and experience topics during the first quarter 2015.

Rhode Island – Nothing raised.

South Dakota – We require education to be completed at a regionally accredited school. If the regional accrediting agency has approved the various college credit methods listed above and the credits appear on the official transcript, our Board will accept the credit.

Tennessee – This has not yet been a topic of discussion for this Board. We continue to award credit for college courses that are included on the official transcript of the university. We have not yet encountered a situation in which life experience has been requested as a substitute for classroom education.

Texas – The Texas Public Accountancy Act has two requirements that Examination applicants must meet to be eligible for the CPA Examination:

1. Hold a baccalaureate or graduate degree, or its equivalent as determined by Board rule, conferred by a Board-recognized institution of higher education; and
2. Complete at least 150 semester hours or quarter-hour equivalent in Board-recognized courses, including an accounting concentration or equivalent courses as determined by Board rule.

Based on its authority to promulgate rules, the Board has established education rules for Exam applicants. Allowing credit for life experience has been discussed, however, the Board does not recognize the courses because the educational institution awarding credit cannot provide quantifiable evidence that the student's experiential learning was equal to or greater than accounting courses containing the curriculum that demonstrated the student's mastery of the material.

The Board currently allows advanced placement tests (i.e. CLEP) for lower level general education courses. It is not a practice at Texas universities that a student can test out of upper level coursework.

The Board has defined "accelerated courses" in Board Rule 511.51 to mean courses delivered in shortened semesters which are expected to have the same number of contact hours and the same requirement for out-of-class learning as courses taught in a normal semester. We are aware of educational institutions that offer accelerated accounting degree programs, and currently recognize these programs. However, the accounting courses required in an accelerated accounting degree program must have the same number of contact hours as required in a traditional semester hour course. Concerns about accelerated accounting courses: (1) Is a rigorous and comprehensive curriculum offered in each course? (2) Is the student able to understand and retain the material for the short term? (3) What is the student's long-term retention of the material?

The Qualifications Committee of the Board recently discussed CPA Examination review courses offered through universities and are considering if these courses should be used to meet the 150-semester hour education requirement. At a future meeting the committee will discuss regional and professional accreditation issues. As the AICPA revises the CPA Examination, it would be helpful for educational institutions and Boards of Accountancy to have as much lead time as possible to implement curriculum changes that support the new CPA Examination format. While Boards of Accountancy will need time to evaluate the changes and offer amendments to their statutes and/or rules, public educational institutions need two-plus years to respond to changes and adjust the curriculum to accommodate the new CPA Examination format.

Another area of disparity in education relates to multi-test takers. Due to the number of CPA Examination applicants in the state, there are a large number of Examination applicants who test several times. A review of their education shows that the applicants' education is dated; which can cause them to be unsuccessful on the Examination. NASBA may consider educational alternatives to assist unsuccessful applicants.

Vermont – To date we have not seen much activity in this area or been requested to grant credit for such experiences. We will continue to follow the NASBA discussion and monitor college transcripts for such items.

Virginia – At this time, the Board has not yet addressed this issue.

Washington – The Washington State Board has established a "Qualifications Committee" to work with Board staff to address the "Changing Landscape" in basic education necessary to meet the 150 hour requirement for examination and licensure as a Washington State applicant.

RCW18.04.105(1)(b) permits the Board to establish the qualifying education by Board rule. The primary goal is that our licensees can perform the duties and responsibilities of other regulated professional accountants licensed by other jurisdictions and MRA equivalent countries and, as a result, remain substantially equivalent in as many recognized jurisdictions and MRA equivalent countries as possible.

At the present time the strategy for the committee is to evaluate each portion of the Board rule. See WAC 4-30-060, relative to the changing education landscape.

The principal specific concerns of the Board and agency personnel are:

1. Promoting the efficiency and effectiveness for identifying qualified course content offered through the world;
2. The continued emphasis on the U.S. model of credit hour measurement vs an objective measure of an entry level "mastery of topic";
3. Assessing the quality of on-line education as measured by success on the Uniform CPA Examination;

4. Techniques for measuring the long-term effectiveness of NANO learning for meeting continuing professional education (CPE) requirements for renewal of status;
5. Techniques for assigning educational credits for "blended" course content under the U.S.

West Virginia – The West Virginia Board has adopted policies to allow one to obtain a baccalaureate degree through life experience, CLEP and DAN TES courses that are reflected on the four-year-degree granting college's transcripts.

The West Virginia Board of Accountancy will recognize the Board of Regents Degree (BOR) as meeting the academic requirements to sit for the Uniform CPA Examination, provided the degree includes the specific accounting hours and business law required by this Board

The West Virginia Board of Accountancy will accept for academic credit, courses CLEPPed by an applicant provided the transcript indicates the applicants have tested out of the class/course.

The Mentor Program offered by the College of West Virginia was voted by the Board to be acceptable toward meeting the academic requirements of applicants for the CPA Examination.

The West Virginia Board of Accountancy will accept the pass/fail grading for the purpose of evaluating an applicant's transcript to determine if the applicant has met the academic requirements to sit for the Uniform CPA Examination for the Certificate of Certified Public Accountant.

Wyoming – No. The only issues experienced in Wyoming pertain to college or university accreditation. The Wyoming Board would need to study any trending changes in education requirements prior to considering adoption.

3. Should there be reconsideration of developing a "CPA - retired" status besides the "CPA-inactive" status (currently in the Uniform Accountancy Act) that would apply to people who have been in public practice for at least 20 years with no disciplinary charges against them? Explain.

Alabama – There should be a "CPA-retired" status for CPAs and a "PA-retired" status for PAs over the age of 55 who are retired from the practice of public accountancy. Retirement is defined as not performing any of the duties of public accountancy.

Alaska – Yes, this would make a clear license status category. If this happens, it would be helpful to have additional guidance to clearly define how these licensees could hold themselves out and what if anything they are allowed to do under the retired status.

Arizona – Yes. Arizona has both a retired status and an inactive status. Arizona's inactive status is a one-time election and can only be used for six years unless a registrant is disabled in which case there is no ceiling on the time the status may be used. See 32-730.01. Inactive status; reactivation; exception and 32-730.04. Retired status; reactivation.

Arkansas – We have a "retired" status separate from "inactive" status in Arkansas. There is no age requirement or experience requirement. Licensees who choose retired status must sign an affidavit indicating they are no longer working in any capacity.

California – In 2011, the California Board of Accountancy sponsored legislation authorizing it, at its discretion, to create a retired status for certified public accountant (CPA) and public accountancy (PA) licensees. The California Board of Accountancy adopted regulations that took effect July 1, 2014, that implemented the legislation. The law provided for individuals with a CPA/PA license who are not

actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the California Board of Accountancy to apply for the license to be placed in a retired status. The individual's license must not be: subject to an outstanding order of the California Board of Accountancy, suspended or revoked, otherwise punitively restricted by the California Board of Accountancy, or subject to disciplinary action. The individual must submit: the required application, remit the application fee, and meet the minimum qualifications (minimum of 20 years of licensure and five years as a California licensee with a license in an active status). Upon approval of the application and conversion of the license to the retired status, the individual, when using the title "certified public accountant," the CPA designation, or any other reference that would suggest that the individual is licensed by the California Board of Accountancy, must place the term "retired" immediately after the title designation, or reference.

CNMI – No. The Board Chair thinks I think this opens the door to a long list of possible designations.

Colorado – Colorado already has a "retired" status license, so this is not an issue for our state.

Connecticut – The Connecticut State Board of Accountancy is very interested in the development of a "retired" or "inactive" status. Connecticut is one of few states offering an unregistered, registered and licensed status. The creation of an inactive or retired status would resolve our "three tier system."

District of Columbia – No.

Florida – Yes, this is an issue that a number of Florida licensees have inquired about.

Guam – Guam currently has a retired status for licensees who do not wish to maintain their ability to practice in the future, which enables using the "CPA (Retired)" designation, and which requires "reinstatement" rather than "reactivating" if the retired licensee desires to practice again.

Hawaii – Yes, this status should be reconsidered. The Board would like to see what can be developed.

Idaho – Yes, with a reconsideration of the criteria. Idaho currently has a CPA-retired status. Idaho, however, does not have criteria which addresses someone being in public practice for a least twenty (20) years with no disciplinary charges against them. In Idaho, in order to have the CPA-retired status, the defining criteria is that the licensee be at least of the age of fifty-five (55) or in the event of a disability preventing continued practice.

Illinois BOE – N/A.

Illinois DFPR – The Department of Financial and Professional Regulation of the State of Illinois and the Public Accountant Registration and Licensure Committee have no comment on this issue. Currently, the Illinois Public Accounting Act permits registrants/licensees to place their registration/license on inactive status.

Kansas – We have no position on this matter.

Kentucky – We do not allow for a retired/inactive status. Over the years our members have found that status to be confusing. However we do allow CPAs who are 55 years of age or older and do not perform any public accounting services for the public to forego CPE and still use the CPA title.

Louisiana – Board members have expressed a desire to create a “CPA – retired” status, which Louisiana does not currently have. It is considered to be a more respectful status than simply “inactive” for those who have been in practice for years and then decide to no longer practice. Our Board will likely consider adding this status regardless of the UAA, and it would likely apply to all CPAs who have been in practice (public or not) for x years and are no longer practicing.

Michigan – In Michigan we do not have the CPA-inactive status. In Michigan you can either be licensed or registered. Under the registered status, you are not required to earn a minimum number of CPE credits. However as a registered CPA, you are not allowed to practice public accounting. A CPA with registered status must still pay a bi-annual fee to maintain this designation. We feel these two types of designation are sufficient and therefore do not believe the reconsideration of developing a “CPA –retired” status is necessary.

Minnesota – Minnesota has an “exempt” status which includes “retired.”

Mississippi – The Board already has a CPA – Retired status available for persons 55 years old or older who do not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. It is not related to the numbers of years that an individual has been in public practice and there is no requirement related to disciplinary charges.

Missouri – Twenty years is too short of a timeframe.

Montana – We currently have a CPA retired and an inactive status. The retired status is for those who no longer are in the practice of public accounting. It eliminates the requirement that they complete CPE or renew, but they can only remain retired for 2 years, than the license terminates if they don’t reinstate it. Inactive licensees must renew but are not required to meet CPE requirements. They can stay on inactive indefinitely by continuing to renew. To reinstate an inactive license they must pay a fee and provide CPE.

Nebraska – Nebraska allows active permit holders (CPAs) in good standing to label themselves as “CPA-Retired” upon reaching the age of 60. Those within this status have Board fees waived and cannot practice public accounting.

Nevada – Nevada has status types of retired and inactive status. The difference between them is that retired status is for those individuals who have reached the age of 60 or are on permanent disability. We do not define the retired status by how long they have been in public practice but rather by their age. It is our understanding that there are many different definitions across Boards of Accountancy for the retired status. The Regional Directors might want to check with the ALD Committee to obtain more information on the varying types of interpretations as this topic has been addressed at the committee level.

New Hampshire – The Board would require more information on what a “retired status” entails prior to making a decision.

New Jersey – While the Board maintains an open mind to these matters, the current New Jersey inactive status seems to fit the needs of retirees who do not wish to practice. There are no current plans to develop a “CPA Retired” status.

New Mexico –The Board has not discussed this issue at this time.

North Carolina – No. There should be only an active and inactive status. An active CPA should be able to work and use the CPA credential without any restriction in industry, business, government, education, and public practice. An inactive individual should not be able to use the CPA credential in any manner whatsoever, even to state he or she is an inactive CPA.

North Dakota – I don't think we would support a special status that eliminates any ongoing obligations, due to having a set length of career free of discipline. We expect licensure of all CPAs, except the fully retired. We expect CPE of all CPAs who hold out as CPAs, except when in limited work areas and if they agree to use "inactive" with the CPA title.

Ohio - We currently have a "Retired" status, but only for CPAs not performing accounting or tax services in any capacity. Must complete a notarized affidavit. <http://acc.ohio.gov/Portals/0/PDF/RtrmmtAff.pdf>.

Oklahoma – We should look at a retired status based upon what the registrant is doing (retired from all forms or accounting) rather than just an inactive status. This would help clarify a retired CPA status as opposed to someone that is inactive and working in another industry. The retired status should apply to what the retiree is doing (no accounting related work) versus a time period so long as the registrant is in good standing.

Oregon – The Oregon Board has been offering a retired licensure option for several years. We encourage reconsideration of developing a "CPA Retired" status besides the "CPA Inactive" status.

Pennsylvania – Our Regulations currently permit a non-practicing licensee to use the description "inactive" following the CPA designation simply as a hallmark of achievement. There does not appear to be any benefit to creating another descriptive term for retirees which may, in fact, add confusion to the general public.

Puerto Rico - No. The Puerto Rico Board agrees with current enactments.

Rhode Island – No discussion to date – on the December agenda.

South Dakota – Our Board has a status of CPA retired whereas the individual must be 55 years old and sign an affidavit attesting to the retired status and not performing services for the public. ARSD 20:75:03:16.

Tennessee – Tennessee currently has a "CPA – Retired" status. It is not addressed in our law and rules, and is treated in the same manner as a "CPA – Inactive" status. Since we also have a "CPA – Retired Over 65" status, it is somewhat confusing. Some kind of "Retired" status should be developed, but it should be consistent throughout the jurisdictions.

Texas – There should be a "retired" status but it should not be based upon years of practice. Using the number of years practiced as the standard would permit a CPA that began practicing at the age of 25 to qualify for retirement at the age of 45, even though they are not in fact retired from practicing.

Retirement should be based upon the CPA having no association with accounting work. The age of a CPA should also be a factor in qualifying for a retirement status.

Vermont – Currently, the State of Vermont has no “retired” or “inactive” status for CPAs or any other license under the Vermont Office of Professional Regulation.

Virginia – The Virginia Board of Accountancy has not adopted the use of “CPA-inactive,” nor is it interested in that status or the “CPA-retired” status. The Board adopted, effective July 1, 2014, the status of “Active-CPE Exempt,” which now provides a status to identify CPAs in Virginia who are exempt from CPE requirements (and would include retired and inactive CPAs).

Washington – Washington State recently adopted “CPA-Retired” as an allowable “Designation” (versus Licensing status) by Board Rule. Accordingly, we believe this status addition would enhance the efficiency of ALD searches by Executive Directors and improve clarity and understanding by citizens using CPAVerify and Board specific licensee searches.

West Virginia – CPA-Retired is a very specific status indicating the retirement of an individual. I believe it should be reserved for those licensed CPAs over the age of 62 who are in good standing with the Board.

Wyoming – The Rules and Regulations and Act in Wyoming already provide for a retired certificate status in Chapter 3, Section 4, of Board Rules and Regulations. The provision is offered based upon a holder being at least 55 years of age and/or disabled. The granting of the status is irrespective of a length of time he/she held the certificate and whether or not the holder has any “disciplinary charges” against him/her.

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

Alabama – Changing the guard. The current Executive Director is retiring December 31, 2014. A search is underway for a new Executive Director.

Alaska – Our Board is completing an overall analysis of UAA with our statutes and regulations and evaluating each difference and moving towards conformity when we can. As a result, the Alaska Board will be updating regulations – multiple sections/changes including reference cleanup, removal of the 500 attest hours for licensure, amendment of the description of acceptable experience, removal of Alaska specific ethics and the removal of the requirement that CPE only be accepted in one hour increments. The Board is also reviewing the possibility of pursuing statute changes that may include changing from two years of required experience to one.

Arizona – The state of Arizona, like many other states, elected a new governor. Also, the state budget for FY 2015 and FY 2016 are projected to have deficits which create concern about whether the Board’s funds will be swept as they have in four of the six prior fiscal years to the tune of almost \$3.6 million.

Arkansas – We will have legislation in early 2015 to install a peer review requirement and give the Board jurisdiction over non-licensees who violate our rules and laws.

California – Academia Experience for Licensure. As the California Board of Accountancy noted in its prior Focus Questions submissions, last year the California Board of Accountancy supported legislation that will allow it to accept experience earned in academia to qualify for the general accounting experience requirement for initial licensure. At its January 2015 meeting, the California Board of Accountancy will

be conducting a public hearing on its regulatory proposal that specifies how experience earned in academia will qualify. At the conclusion of the hearing, the California Board of Accountancy will either adopt or make modifications to its proposal. At this time, it is anticipated that the regulations will be in effect in 2016.

Mobility Stakeholder Group. In July 2013, the California's mobility provisions took effect. Included as part of the provisions, the California Legislature established the Mobility Stakeholder Group (MSG) and charged it with a twofold purpose: (1) to consider whether the mobility provisions are consistent with the California Board of Accountancy's statutory mandate to protect the public, and (2) to consider whether the mobility provisions satisfy the objective of stakeholders of the accounting profession, including consumers. The MSG held its inaugural meeting in March 2014, and has met two additional times. During these meetings, the MSG has set up various policies for how it will conduct its required business, developed plans for fulfilling its legislatively mandated charges, and begun evaluating the overall implementation of the mobility law. The MSG will continue to meet over the next several years and will provide the California Board of Accountancy with annual reports regarding its work.

Study on Attest Experience Requirement. At the beginning of the year, the California Board of Accountancy began work on developing a study to examine its attest experience requirement. The study will examine a broad range of groups throughout California and also seek input from other state boards of accountancy and NASBA. To aid in the study that the California Board of Accountancy will conduct in California, it has secured an outside vendor to help in designing the study. The vendor, working with staff, has assisted the California Board of Accountancy in determining targeted audiences and initial concepts for targeted survey response rates and draft questions. The California Board of Accountancy will continue to complete the development of the survey through the remainder of 2014 and early part of 2015.

Senate Bill 1159 – Individual Taxpayer Identification Number. The Governor of California recently signed Senate Bill 1159. Current law requires that an applicant provide a Social Security number when applying for a CPA license. This new law mandates that the California Board of Accountancy, and other licensing boards in California, require an applicant for licensure to provide either a Social Security number or an individual taxpayer identification number beginning January 1, 2016. In addition, it prohibits licensing boards, including the California Board of Accountancy, from denying a license to an applicant based on citizenship or immigration status.

Senate Bill 1226 – Professions and Vocations. On September 27, 2014 the Governor of California signed Senate Bill 1226. Beginning on July 1, 2016, the new law requires all Department of Consumer Affairs (DCA) boards, including the California Board of Accountancy, to expedite, and may assist, the initial licensure process for an applicant who supplies evidence that he or she has served as an active duty member of the armed forces and was honorably discharged.

Assembly Bill 2720 – State agencies: meetings: record of action taken. Beginning January 1, 2015, Assembly Bill 2720 requires a state body to publicly report any action taken and the vote or abstention on that action of each member present for the action.

CNMI – We are trying to get our statutes updated and get rules in place.

Colorado – The biggest change happening in Colorado is that we are approaching the final six months of having two paths for licensure that will expire on June 30, 2015. On and after July 1, 2015, the exam requirements will remain at 120 hours and the licensure will increase to 150 hours plus one year of work experience.

Connecticut – The Connecticut State Board of Accountancy is working on revising our statutes and regulation. Our goal is to provide clarity where our legal language is vague or in contradiction with

national standards. Further the Board is considering accepting IQEX exam in the near future. The Board has been looking at our licensing applications and revising to make the process more efficient. The Board has initiated a college outreach program in hopes of increasing diversity and answering potential application questions. We are increasing our participation in NASBA and AICPA activity. The Board is considering the acceptance of the Facilitated State Board Access (FSBA) process. The Board is creating newsletters providing an overview of the Board's mission and updates in regulations and statutes. The Board has started to implement preliminary background checks of both licensees and firms. The Board is increasing our internship program in hopes of having interns who are interested in joining the profession. The Board is very happy to expand our enforcement based on information received from the NASBA's Enforcement Committee newsletters, including the DOL list and the PTIN holder listing. We streamlined our Board meetings to make them more efficient. We streamlined our licensing and firm renewal process.

District of Columbia – We want to consider how to make DC more attractive to international takers of the CPA Examination. The Board is currently updating legislation.

Florida – Considering educational issues presented by Western Governors University and other competency based institutions.

Guam – Waiting for new legislature to introduce amended Guam accountancy law.

Hawaii – The Hawaii Society of CPAs has developed proposed legislation regarding mobility that it will be introducing in the 2015 legislative session.

Idaho – The Idaho Board recently went through an evaluation of our Act and Rules and how they will mesh with the AICPA Code of Conduct. It was a very helpful exercise led by Dr. Ray Johnson and we came out of the session knowing we had numerous redundancies that we will work on removing which will help to give clarity to licensees when it comes to understanding the standards they are to be held to when in Idaho. We feel this will provide more consistency between our Act and Rules and the AICPA standards.

Illinois BOE – The Board of Examiners is in the process of completely updating the Administrative Rules. The Chair and Executive Director recently met with the Director of the Illinois Department of Financial and Professional Regulation in order to confirm our mutual cooperation moving forward.

Kansas – Kansas is working on adopting the codification of the AICPA code of professional conduct. The Board is in the initial stages of dealing with firms issuing audit reports of Employee Benefit Plans in Kansas.

Kentucky – We are changing the “attest” definition in our statutes to conform with the UAA.

Mississippi – The Board's new licensing and reporting database system (LARS) is going live in December. Licensees, firms, retired CPAs, and exam candidates will complete online forms and applications and will pay fees online.

Montana – Our attorney of several years has recently retired. We also have a new Board member starting in January. We have legislation in the upcoming session that will make us a one-tier licensing jurisdiction. We continue to struggle with restricted appropriation issues.

Nebraska – The Board is preparing to submit a legislative bill before the 2015 Nebraska Legislative Session (opens January 7, 2015) that would end the Board’s Quality Enhancement Program (QEP) and require Peer Review. This four-year initiative review under the QEP Task Force, made up of Board members, the Board Attorney, longtime QEP reviewers, and Nebraska Society of CPA members, decided it was time to end the QEP program based on the continuing complexities of attest work, fairness to all firms in Nebraska, and mobility (substantial equivalency) concerns. Board regulations, to support the law, are being drafted with assistance of the Task Force, other State Boards, and the AICPA Peer Review Team.

New Jersey – New Jersey is pleased to have been the 50th jurisdiction to be included in the ALD project. Also, December 31, 2014, marked the end of our current Triennial Period. Generally speaking, our license renewal period went very well.

New Mexico – New Mexico is establishing a Rules Committee to research various topics, such as changes to peer review requirements, mobility, changes within the UAA that have impacted the regulations, etc.

North Carolina – Our legislature just released a study report regarding the possible consolidation, centralization or elimination of occupational licensing boards in North Carolina. The report stated that centralization was not a good idea, but the review of a dozen small boards for consolidation and review of these small boards for continued operation was necessary by a proposed Occupational Licensing Board Commission.

North Dakota – We are beginning to explore the possibility of a Canada/U.S. mobility system, with NASBA leading the charge.

Ohio – The Accountancy Board of Ohio has been updating/changing almost all Accountancy Board of Ohio rules over the past year.

Oklahoma – The Oklahoma Board is currently looking at changing the “attest” definition in the upcoming legislative session. We will be exploring the issue of successor transition when a sole practitioner, sole owner PLLC or PC dies in the coming year.

Oregon – The Board is pursuing broad updates to its statutes under Board-proposed SB 272 (2015), including but not limited to updating the definition of attest, obtaining much clearer rulemaking authority, and much broader authority to engage in practice privilege enforcement.

The Board is also in the process of working with stakeholders to raise fees substantially, in part because charges for services delivered to the Board by other government agencies are increasing sharply in costs due to changes in cost allocation approach across state government, and in part due to the increased costs resulting from an increase in the number and complexity of complaints.

Pennsylvania – Our Board is currently investigating changes to our Regulations to embody the recent changes to the AICPA Code of Professional Conduct. Additional inquiries have been raised regarding the rolling 18 month window for passage of the CPA Examination and whether this time period should be extended.

Tennessee – We continue to deal with unusual firm names and are getting into discussions of more complex ownership structures for accounting firms.

Texas – The Board is examining the issue of whether or not the recently created preparation services standard should be subject to peer review.

Vermont – We are continuing to work with the Vermont Office of Professional Regulation to improve the process used for disciplinary cases.

Virginia – The Virginia Board recently approved the Virginia Society of CPAs as the only provider of the content/material for the annual Virginia-Specific Ethics Course beginning in 2015. In addition, all instructors of the Virginia-Specific Ethics Course must be an active Virginia CPA in good standing, and must be pre-approved by the Board.

The Board has also proposed changes to our statutes to reflect firm mobility “clean-up” as it relates to out-of-state firms, and the new AICPA Financial Statement Preparation Services. These proposed changes will be considered by Virginia’s General Assembly during the upcoming 2015 session.

Washington - The following significant legislative activity is expected to occur in the legislature beginning in January:

- a) A proposal that CPAs who provide forensic accounting services must be licensed individually as a Private Investigator under separate state statute as well as the Public Accountancy Act. This additional statute also requires that an individual PI must be employed by a PI firm registered with the state’s Department of Licensing to perform forensic accounting services, and carry \$1,000,000 malpractice insurance policy.

An exemption for CPAs has been discussed with the likely non-legislative sponsors of this proposal, but the Accountancy Board’s Executive Director believes this proposal will be introduced in this legislative session.

- b) In this legislative session it is highly probable that the legislature will:
 - i. Enact legislation to “Sweep” all or a significant portion of the agency’s dedicated revenue fund (Cash Balance) to contribute to the under-funding of K -12 basic education;
 - ii. If recent history is an indicator, this will require a legislative amendment of the state’s Public Accountancy Act (ACT), RCW 18.04.065, Board Fees-Disposition. That Section currently establishes a restricted fund for all fees, penalties for delinquent filings, and the board fee of \$10 for examinations be retained at a level adequate to pay the costs of administering the ACT.

West Virginia – The Board has formed a committee to look at the adoption of the “attest” definition in UAA.

The Board will also be reviewing the academic requirement for sitting for the CPA Examination (specifically if we should continue to require six hours in Business Law as a prerequisite for sitting for the CPA Examination). The Board will also review Exam Content Specifications to determine if other changes need to be made to our academic requirement.

We are also working on an RFQ to secure an e-licensing program.

Wyoming – The legislative session begins in January, 2015. So far, we are not aware of any legislation that might impact regulatory activity in this state.

5. Are there any ways in which NASBA can assist your Board at the present time?

Alaska – The Board appreciates NASBA’s assistance with reviewing our statutes/regulations to identify areas in which Alaska differs from the UAA.

The Board is anticipating the possibility of “privacy” legislation being introduced that would attempt to limit the requirement that CPA Examination candidates comply with the biometric scan requirement.

Arizona – No, thank you. However, we do appreciate NASBA’s renewed focus to support State Boards of Accountancy in a variety of ways under the leadership of Ken Bishop.

Arkansas – We may need support for our legislative efforts mentioned above.

CNMI – NASBA has already helped greatly in the drafting of the updated statute.

Connecticut – NASBA has been extremely helpful in assisting the Board in our new initiatives. We hope to continue to reach out to NASBA as we work on new statutory and regulation changes and accepting the IQEX Exam.

Colorado – The Board will need NASBA’s help to ensure that all applicants who are applying as a Colorado exam candidate and licensee meet the requirements well before the deadline. The Board would like more information on CPE Tracking. Specifically, how it works, what is reported by CPAs, percentages of audits, etc.

District of Columbia – Perhaps in the near future regarding international licensure.

Guam – Produce white paper addressing legal issues of prosecuting violators under a combination of MRA licensees and mobility statutes when regulators of practice have not signed on to MRA.

Hawaii – The Board would like to request that NASBA develop a database of acceptable educational institutions that Boards can refer to in determining the educational qualifications of a licensure applicant. NASBA can certainly assist the Board by bringing together all stakeholders and interested parties on the issue of mobility.

Illinois BOE – We are currently updating our website as well as initiating a newsletter and have asked NASBA to assist us in this process.

Kansas – As was discussed at the NASBA Annual Meeting, the Kansas Board would like to see the June blackout month for the CPA Examination be either eliminated, or, at the very least, shortened to enable those candidates who graduate in May to be able to start sitting for the Examination earlier. Any assistance NASBA can give in that regard would be greatly appreciated.

Mississippi – NASBA can help the Board by continuing to monitor proposed State legislation which might negatively impact the Board’s ability to license and regulate CPAs in Mississippi.

Montana – We are currently pursuing several services provided by NASBA, including the CPetracking system and wall certificates.

Nebraska – See answers to questions #1 and #2.

New Mexico – Some Peer Review policies and procedures are conflicting with the Board’s current regulations. The regulations are in place for the intended purpose of public protection and ensuring competence. NASBA and Vice President Dan Dustin have supported and assisted the Board greatly regarding these matters. The Board will continue to solicit NASBA’s assistance in reaching a reasonable solution with amending the regulations to the allowable extent it can, without limiting the scope of public protection.

North Carolina – Our Board has requested that NASBA possibly provide assistance in reviewing of a CPA court case that has been referred to the North Carolina Supreme Court from the North Carolina Court of Appeals regarding a CPAs’ fiduciary duty to his or her client.

Ohio – You have done so much, and the Accountancy Board of Ohio thanks you.

Oklahoma – Depending on what happens if we introduce the legislation, some assistance may be requested as it works its way through the legislative process. Continued support for our newsletter and courtesy e-mails will be appreciated.

Oregon – NASBA is already providing assistance with our 2015 bill – and we are continuing to work with NASBA on technology improvements (currently in process is a project that would allow for automated uploads of exam grades to the Board’s database).

Pennsylvania – We are working with NSABA staff to help us design language to incorporate the recent changes to the AICPA Code of Conduct.

Puerto Rico – Please keep us informed of emerging issues and proposed changes, as well as initiatives from other jurisdictions.

Tennessee – We are in the process of reactivating our PROC and could use some assistance in that regard.

Wyoming – In Wyoming, the Board does not have jurisdiction over public accountants. In other jurisdictions similar to Wyoming, how do those Boards address the issue of CPAs who work in a “public accounting firm”? The problem that has occurred here is that a CPA sold his firm to a non-CPA who had a majority ownership. The Board cannot require the public accounting firm to register because of lack of jurisdiction and the firm would not qualify due to majority ownership by a non-CPA.

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

- Input only from Board Chair: CNMI, PA
- Input only from Executive Director: CA, IL BOE, IL DFPR, LA, MT, OH, TN, TX, WV
- Input only from Board Chair and Executive Director: AK, AR, ID, KY, NC, ND, NJ, NM, OR, VA, WY
- Input from all Board Members and Executive Director: AZ, CO, CT, GU, HI, KS, MN, NH, NV, OK, SD, VT
- Input from some Board Members and Executive Director: DC, FL, MI, MO, NE, MS

___ Input from some Board Members: PR, RI

Other

___ Input from Board Chair, some Board Members and Executive Director: WA

___ Input from Board Chair, Executive Director and Chief Operating Officer: AL

1.8.15

REGIONAL DIRECTORS' FOCUS QUESTIONS

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by April 1, 2015. Use additional sheets for your responses if needed.

JURISDICTION _____ **DATE** _____
NAME OF PERSON SUBMITTING FORM _____

1. If your Board has received information from the AICPA or your State Society indicating that the Department of Labor has found a firm you have licensed was not properly peer reviewed to perform employee benefit plan audits, what steps has your Board taken to follow up on that information? Is a case being developed by your Board? Please explain.

2. Does your Board require firms performing "preparation" of financial statements, as defined in SSARS 21, to comply with your peer review requirements?

3. Could a chartered accountant from the Czech Republic make a presentation to high school teachers in your state and hand out their business card with his/her professional designation without being in violation of your jurisdiction's law? Would it matter if he/she were teaching a CPE course to a group of bankers or other professionals? Within the last three years, approximately how many times has your Board brought any action against someone for illegal use of title?

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

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

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

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

2.5.15