



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
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 Sioux Falls, SD 57104
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Agenda
 South Dakota Board of Accountancy Meeting
 Conference Call
 9:00 a.m. (CT)
 March 24, 2016

A=Action
 D=Discussion
 I=Information

	PAGE
A-Approval of Minutes of Meeting January 15, 2016.....	2-3
A-Approval of Certificates & Firm Permits.....	4-5
A-Approval of Financial Statements through February 2016.....	6-23
D-Executive Director’s Report.....	24
 AICPA	
D-Board of Examiners meeting highlights February 11-12, 2016.....	25-28
 NASBA	
D-Exposure Draft Statement on Standards for Continuing Professional Education Programs..	29-55
D-Board of Directors meeting minutes October 23 & 27, 2015.....	56-60
D-Board of Directors meeting highlights January 22, 2016.....	61-62
D-Regional Directors October Focus Questions Executive Summary & Report.....	63-83
A-Quarterly Focus Questions.....	84-85
 EXECUTIVE SESSION	
Equivalent Reviews and Consent Agreements for Board Approval.....	Spt. Pkt.
 FUTURE MEETING DATES (all times CT)	
May 2, 2016 – 8:30 a.m. Pierre – Dept. of Legislative Audit or 9:00 Conference Call	



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South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
January 15, 2016 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Friday, January 15, 2016. Chair David Pummel called the meeting to order at 9:02 a.m.

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

Also present were Nicole Kasin, Executive Director and Julie Iverson, Sr. Secretary.

Chair David Pummel asked if there were any additions to the agenda. The following were added:
Additions to CPA Certificates
Additions to Financial Statements through December 2015
Request for reinstatement of CPA license
Additions to Peer Review

A motion was made by John Mitchell and seconded by Marty Guindon to approve the agenda and additions to the agenda. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the December 10, 2015 meeting minutes. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by John Linn, Jr. and seconded by Jeff Smith to approve the issuance of individual certificates through January 13, 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by John Linn, Jr. and seconded by John Mitchell to approve the financial statements through December 2015. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board discussed the NASBA Executive Directors Conference which will be held in Tucson, AZ March 15-17, 2016, and the NASBA Legal Counsel Conference which will be held in Tucson, AZ, March 15-17, 2016.

A motion was made by Marty Guindon and seconded by Holly Brunick to approve travel for the Executive Director to attend the NASBA Executive Directors Conference held in Tucson, AZ, March 15-17, 2016 and Legal Counsel to attend the NASBA Legal Counsel Conference held in Tucson, AZ March 15-17, 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea). The Executive Director will submit the necessary travel documents for approval.

The Board reviewed the report on the CPA exam grades for the 47th Window.

A motion was made by Jeff Smith and seconded by Marty Guindon to approve the CPA exam scores for the 47th Window through December 2015. A roll call was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

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

The Board discussed a request submitted for reinstatement of a CPA license.

A motion was made by John Linn, Jr. and seconded by Marty Guindon to approve the reinstatement of the individual's CPA license. A roll call was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board discussed the AICPA Exposure Draft on Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews. The Board also discussed the AICPA/NASBA Exposure Draft on Revisions to the UAA. Director Kasin will send a letter of comments to the AICPA and NASBA.

A motion was made by Marty Guindon and seconded by John Linn, Jr. to enter into executive session for the deliberative process for peer reviews, peer review follow-ups, and complaints for Board approval. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board came out of executive session.

A motion was made by John Linn, Jr. and seconded by Holly Brunick to accept the peer reviews, peer review follow-ups, and complaints as discussed in executive session. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)


FUTURE MEETING DATES (all times CT)

March 24, 2016 – 9 a.m. Conference call

May 2, 2016 – 8:30 a.m. Pierre – Dept. of Legislative Audit or 9:00 a.m. conference call

A motion was made by John Linn, Jr. and seconded by Marty Guindon to adjourn the meeting. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

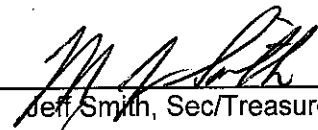
All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 9:48 a.m.



David Pummel, CPA, Chair

Attest: 

Nicole Kasin, Executive Director



Jeff Smith, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through March 14, 2016

Number	Name	Date Issued	Location
3244	Matthew Jordan Christofferson	1/22/16	Rapid City, SD

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

**Issued Through
March 14, 2016**

Number	Name	Date Issued	Basis/Comments
1660	Gardner, Loutzenhiser and Ryan, PC Chadron, NE	01/28/16	New Firm
1661	WSRP, LLC Salt Lake City, UT	02/08/16	New Firm
1662	Le Compte, PC Rio Rancho, NM	02/19/16	New Firm
1663	Carr, Riggs & Ingram, LLC Enterprise, AL	03/03/16	New Firm
1664	Boulay PLLP Minneapolis, MN	03/04/16	New Firm
1665	Donham & Associates, CPA, LLC Albuquerque, NM	03/08/16	New Firm

BAL409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 01/31/2016

PAGE

125

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	401,068.20	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			401,068.20	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			401,068.20	DR **	
BUDGET UNIT TOTAL 1031			401,068.20	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 01/31/2016

AGENCY BUDGET CENTER-5	UNIT 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS												
6503	103100061802	51010100		CGEX151229		01/06/2016					2,459.89	DR
6503	103100061802	51010100		CGEX160113		01/15/2016					2,550.13	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES												
6503	103100061802	51010200		CGEX151229		01/06/2016					5,010.02	DR
6503	103100061802	51010200		CGEX160113		01/15/2016					972.94	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES												
6503	103100061802	51010300		CGEX151229		01/06/2016					1,307.19	DR
OBJSUB: 5101030 BOARD & COMM MBR'S FEES												
6503	103100061802	51020100		CGEX151229		01/06/2016					7,590.15	DR
6503	103100061802	51020100		CGEX160113		01/15/2016					249.73	DR
OBJSUB: 5102010 CASI-EMPLOYER'S SHARE												
6503	103100061802	51020200		CGEX151229		01/06/2016					509.21	DR
6503	103100061802	51020200		CGEX160113		01/15/2016					205.95	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE												
6503	103100061802	51020600		CGEX151229		01/06/2016					437.38	DR
6503	103100061802	51020600		CGEX160113		01/15/2016					591.21	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE												
6503	103100061802	51020900		CGEX151229		01/06/2016					1,164.34	DR
6503	103100061802	51020900		CGEX160113		01/15/2016					2.76	DR
OBJSUB: 5102090 WORKER'S COMPENSATION												
6503	103100061802	51020900		CGEX151229		01/06/2016					5.85	DR
6503	103100061802	51020900		CGEX160113		01/15/2016					1.31	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION												
6503	103100061802	52041800		DP612101		01/31/2016					2,119.58	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE												
6503	103100061802	52042000		PL612054		01/31/2016					97.05	DR
6503	103100061802	52042000		PL612054		01/31/2016					96.94	DR
6503	103100061802	52042000		PL612054		01/31/2016					96.94	DR
6503	103100061802	52042000		RM612048		01/15/2016					73.92	DR
OBJSUB: 5204200 CENTRAL SERVICES												
6503	103100061802	52042200		IN246818		01/13/2016					170.86	DR
OBJSUB: 5204220 EQUIPMENT SERV & MAINT												
6503	103100061802	52042200				01/13/2016					73.17	DR
6503	103100061802	52042200				01/13/2016					73.17	DR
6503	103100061802	52042200				01/13/2016					73.17	DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 01/31/2016

AGENCY	BUDGET UNIT	CENTER	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV APPVL #	OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
10	1031	10310	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY											
6503	103100061802	52042300	16-018	AUG-JUN16	01/31/2016	00275756	SUNSETOFFI	12043890					126.55	DR
6503	103100061802	52042300	JANITORIAL & MAINT SERV										126.55	DR
6503	103100061802	52044900	ACCOUNTMENT2015										1,269.45	DR
6503	103100061802	52044900	RENTS-PRIVATE OWNED PROP.										1,269.45	DR
6503	103100061802	52045300	TL612153	DEC15	01/15/2016	00269402	MIDCONTINE	12023782					114.21	DR
6503	103100061802	52045300	11109001	DEC15	01/06/2016	00272416	ATTMOBILIT	12279233					100.00	DR
6503	103100061802	52045300	28724838	14161215	01/13/2016								55.96	DR
6503	103100061802	52045300	TELECOMMUNICATIONS SRVCS										270.17	DR
6503	103100061802	52045400	51594170	006 1215	01/13/2016	02145658	XCELENERGY	12023853					54.95	DR
6503	103100061802	52045400	ELECTRICITY										54.95	DR
6503	103100061802	52047400	CI106A-036		01/15/2016	253961							138.63	DR
6503	103100061802	52047400	BANK FEES AND CHARGES										138.63	DR
6503	103100061802	52049600	13664932		01/06/2016	00269275	NATLASSNST	12005047					9,364.61	DR
6503	103100061802	52049600	13670992		01/31/2016	00276918	NATLASSNST	12005047					1,832.74	DR
6503	103100061802	52049600	OTHER CONTRACTUAL SERVICE										11,197.35	DR
6503	103100061802	52050280	479101		01/22/2016	02147343	OFFICEMAXI	12162845					13,398.18	DR
6503	103100061802	52050280	OFFICE SUPPLIES										28.71	DR
6503	103100061802	52053200	40615		01/06/2016	00269263	BUSINESSPR	12003048					17.25	DR
6503	103100061802	52053200	PRINTING-COMMERCIAL										17.25	DR
6503	103100061802	52079010	SUPPLIES & MATERIALS										45.96	DR
6503	103100061802	52079010	56613704		01/06/2016	00270093	HEWLETTTAC	12125515					2,222.00	DR
6503	103100061802	52079010	56620767		01/06/2016	00270093	HEWLETTTAC	12125515					444.00	DR
6503	103100061802	52079610	COMPUTER HARDWARE										2,666.00	DR
6503	103100061802	52079610	66237		01/06/2016	00270086	ELBOCCOMPUT	12124520					816.00	DR
6503	103100061802	52079610	67009		01/31/2016	00278030	ELBOCCOMPUT	12124520					144.00	DR
6503	103100061802	52280000	COMPUTER SOFTWARE										960.00	DR
6503	103100061802	52280000	CAPITAL OUTLAY										3,626.00	DR
6503	103100061802	52280000	TI106-057		01/08/2016								344.91	DR
6503	103100061802	52280000	OPER TRANS OUT -NON BUDGT										344.91	DR
6503	103100061802	52280000	NONOP EXP/NONBGTD OP TR										17,415.05	DR
6503	103100061802	52280000	OPERATING EXPENSES										27,124.78	DR
6503	103100061802	52280000	COMP										27,124.78	DR
6503	103100061802	52280000	CNTR										27,124.78	DR
6503	103100061802	52280000	B. UNIT										27,124.78	DR

South Dakota Board of Accountancy
Balance Sheet
As of January 31, 2016

	Jan 31, 16
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	384.53
1140000 · Pool Cash State of SD	401,068.20
Total Checking/Savings	401,452.73
Other Current Assets	
1131000 · Interest Income Receivable	4,392.05
1213000 · Investment Income Receivable	981.51
Total Other Current Assets	5,373.56
Total Current Assets	406,826.29
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
Total 1670000 · Computer Software	0.00
Total Fixed Assets	0.00
TOTAL ASSETS	406,826.29
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	5,907.93
Total Accounts Payable	5,907.93
Other Current Liabilities	
2430000 · Accrued Wages Payable	6,729.32
2810000 · Amounts Held for Others	21,226.21
Total Other Current Liabilities	27,955.53
Total Current Liabilities	33,863.46
Long Term Liabilities	
2960000 · Compensated Absences Payable	18,468.75
Total Long Term Liabilities	18,468.75
Total Liabilities	52,332.21
Equity	
3220000 · Unrestricted Net Assets	252,447.33
3900 · Retained Earnings	11,248.06
Net Income	90,798.69
Total Equity	354,494.08
TOTAL LIABILITIES & EQUITY	406,826.29

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2015 through January 2016

	Jul '15 - Jan 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,375.00	2,800.00	-1,425.00	49.1%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-75.00			
4293551 · Certificate Renewals-Active - Other	60,275.00	58,000.00	2,275.00	103.9%
Total 4293551 · Certificate Renewals-Active	60,200.00	58,000.00	2,200.00	103.8%
4293552 · Certificate Renewals-Inactive	20,100.00	21,000.00	-900.00	95.7%
4293553 · Certificate Renewals-Retired	1,040.00	800.00	240.00	130.0%
4293554 · Initial Firm Permits	150.00	700.00	-550.00	21.4%
4293555 · Firm Permit Renewals	13,700.00	15,500.00	-1,800.00	88.4%
4293557 · Initial Audit	450.00	900.00	-450.00	50.0%
4293558 · Re-Exam Audit	1,320.00	2,460.00	-1,140.00	53.7%
4293560 · Late Fees-Initial Certificate	0.00	0.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,950.00	3,000.00	-50.00	98.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	450.00	600.00	-150.00	75.0%
Total 4293563 · Late Fees-Firm Permit Renewals	400.00	600.00	-200.00	66.7%
4293564 · Late Fees-Peer Review	350.00	1,300.00	-950.00	26.9%
4293566 · Firm Permit Owners	94,585.00	105,000.00	-10,415.00	90.1%
4293567 · Peer Review Admin Fee	675.00	5,650.00	-4,975.00	11.9%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	100.0%
4293569 · Initial FAR	480.00	1,140.00	-660.00	42.1%
4293570 · Initial REG	420.00	660.00	-240.00	63.6%
4293571 · Initial BEC	330.00	930.00	-600.00	35.5%
4293572 · Re-Exam FAR	1,050.00	1,860.00	-810.00	56.5%
4293573 · Re-Exam REG	1,350.00	2,310.00	-960.00	58.4%
4293574 · Re-Exam BEC	1,290.00	2,310.00	-1,020.00	55.8%
4491000 · Interest and Dividend Revenue	4,714.96	6,500.00	-1,785.04	72.5%
4896021 · Legal Recovery Cost	200.00	1,000.00	-800.00	20.0%
Total Income	207,229.96	234,520.00	-27,290.04	88.4%
Gross Profit	207,229.96	234,520.00	-27,290.04	88.4%
Expense				
5101010 · F-T Emp Sal & Wages	32,751.16	73,420.00	-40,668.84	44.6%
5101020 · P-T/Temp Emp Sal & Wages	14,316.50	27,319.00	-13,002.50	52.4%
5101030 · Board & Comm Mbrs Fees	2,340.00	2,595.00	-255.00	90.2%
5102010 · OASI-Employer's Share	3,388.23	8,102.00	-4,713.77	41.8%
5102020 · Retirement-ER Share	2,805.55	6,044.00	-3,238.45	46.4%
5102060 · Health /Life Ins.-ER Share	8,791.63	26,052.00	-17,260.37	33.7%
5102080 · Worker's Compensation	37.57	218.00	-180.43	17.2%
5102090 · Unemployment Insurance	18.32	91.00	-72.68	20.1%
5203010 · Auto--State Owned	78.65	1,000.00	-921.35	7.9%
5203020 · Auto-Private-Ownees Low Mileage	103.96	400.00	-296.04	26.0%
5203030 · In State-Auto- Priv. High Miles	1,108.80	1,500.00	-391.20	73.9%
5203100 · In State-Lodging	319.60	1,000.00	-680.40	32.0%
5203120 · In State-Incidentals to Travel	20.00	100.00	-80.00	20.0%
5203140 · InState-Tax Meals Not Overnight	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNight	268.00	400.00	-132.00	67.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	1,190.40	6,000.00	-4,809.60	19.8%
5203280 · OS-Other Public Carrier	124.00	500.00	-376.00	24.8%
5203300 · OS-Lodging	1,730.46	7,800.00	-6,069.54	22.2%
5203320 · OS-Incidentals to Travel	158.00	450.00	-292.00	35.1%
5203350 · OS-Non-Taxable Meals Overnight	234.00	1,300.00	-1,066.00	18.0%
5204010 · Subscriptions	208.98	1,000.00	-791.02	20.9%
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	0.00	7,100.00	-7,100.00	0.0%
5204050 · Consultant Fees - Computer	10,607.50	34,075.00	-23,467.50	31.1%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2015 through January 2016

	<u>Jul '15 - Jan 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	1,390.00	6,000.00	-4,610.00	23.2%
5204180 · Computer Services-State	628.80	600.00	28.80	104.8%
5204181 · Computer Development Serv-State	1,312.85	10,400.00	-9,087.15	12.6%
5204200 · Central Services	3,603.10	7,000.00	-3,396.90	51.5%
5204220 · Equipment Service & Maintenance	15.43	300.00	-284.57	5.1%
5204230 · Janitorial/Maintenance Services	885.85	1,560.00	-674.15	56.8%
5204340 · Computer Software Maintenance	614.50	2,000.00	-1,385.50	30.7%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	1,703.00	4,000.00	-2,297.00	42.6%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	8,886.15	15,234.00	-6,347.85	58.3%
5204510 · Rent-Other	248.80	500.00	-251.20	49.8%
5204530 · Telecommunications Services	1,865.77	3,500.00	-1,634.23	53.3%
5204540 · Electricity	318.97	865.00	-546.03	36.9%
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	4,273.76	6,000.00	-1,726.24	71.2%
5204960 · Other Contractual Services	0.00	0.00	0.00	0.0%
5205020 · Office Supplies	620.29	2,000.00	-1,379.71	31.0%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	127.65	1,000.00	-872.35	12.8%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	0.00	2,500.00	-2,500.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	2,783.12	4,800.00	-2,016.88	58.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	960.00	500.00	460.00	192.0%
5228000 · Operating Transfers Out-NonBudg	2,313.87	7,400.00	-5,086.13	31.3%
5228030 · Depreciation Expense	0.00	0.00	0.00	0.0%
Total Expense	<u>116,431.27</u>	<u>293,875.00</u>	<u>-177,443.73</u>	<u>39.6%</u>
Net Ordinary Income	<u>90,798.69</u>	<u>-59,355.00</u>	<u>150,153.69</u>	<u>-153.0%</u>
Net Income	<u><u>90,798.69</u></u>	<u><u>-59,355.00</u></u>	<u><u>150,153.69</u></u>	<u><u>-153.0%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
January 2016

	<u>Jan 16</u>	<u>Jan 15</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	100.00	200.00	-100.00	-50.0%
4293552 · Certificate Renewals-Inactive	50.00	0.00	50.00	100.0%
4293554 · Initial Firm Permits	0.00	100.00	-100.00	-100.0%
4293555 · Firm Permit Renewals	50.00	0.00	50.00	100.0%
4293557 · Initial Audit	60.00	30.00	30.00	100.0%
4293558 · Re-Exam Audit	150.00	120.00	30.00	25.0%
4293561 · Late Fees-Certificate Renewals	50.00	0.00	50.00	100.0%
4293564 · Late Fees-Peer Review	0.00	50.00	-50.00	-100.0%
4293566 · Firm Permit Owners	1,000.00	390.00	610.00	156.4%
4293567 · Peer Review Admin Fee	300.00	225.00	75.00	33.3%
4293568 · Firm Permit Name Change	0.00	50.00	-50.00	-100.0%
4293569 · Initial FAR	30.00	150.00	-120.00	-80.0%
4293570 · Initial REG	180.00	30.00	150.00	500.0%
4293571 · Initial BEC	30.00	30.00	0.00	0.0%
4293572 · Re-Exam FAR	90.00	150.00	-60.00	-40.0%
4293573 · Re-Exam REG	30.00	120.00	-90.00	-75.0%
4293574 · Re-Exam BEC	150.00	150.00	0.00	0.0%
Total Income	<u>2,270.00</u>	<u>1,795.00</u>	<u>475.00</u>	<u>26.5%</u>
Gross Profit	2,270.00	1,795.00	475.00	26.5%
Expense				
5101010 · F-T Emp Sal & Wages	5,010.02	6,324.01	-1,313.99	-20.8%
5101020 · P-T/Temp Emp Sal & Wages	2,280.13	2,711.12	-430.99	-15.9%
5101030 · Board & Comm Mbrs Fees	300.00	360.00	-60.00	-16.7%
5102010 · OASI-Employer's Share	509.21	690.44	-181.23	-26.3%
5102020 · Retirement-ER Share	437.38	532.22	-94.84	-17.8%
5102060 · Health /Life Ins.-ER Share	1,164.34	2,155.50	-991.16	-46.0%
5102080 · Worker's Compensation	5.85	5.43	0.42	7.7%
5102090 · Unemployment Insurance	2.80	4.05	-1.25	-30.9%
5204200 · Central Services	170.86	1,190.28	-1,019.42	-85.7%
5204220 · Equipment Service & Maintenance	2.17	3.31	-1.14	-34.4%
5204230 · Janitorial/Maintenance Services	126.55	122.86	3.69	3.0%
5204460 · Equipment Rental	71.00	71.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	241.65	340.52	-98.87	-29.0%
5204540 · Electricity	62.05	71.78	-9.73	-13.6%
5204560 · Water	22.35	0.00	22.35	100.0%
5204740 · Bank Fees and Charges	138.63	117.73	20.90	17.8%
5205320 · Printing/Duplicating/Binding Co	27.60	12.00	15.60	130.0%
5207960 · Computer Software Expense	144.00	0.00	144.00	100.0%
5228000 · Operating Transfers Out-NonBudg	344.91	314.54	30.37	9.7%
5228030 · Depreciation Expense	0.00	1,005.86	-1,005.86	-100.0%
Total Expense	<u>12,330.95</u>	<u>17,302.10</u>	<u>-4,971.15</u>	<u>-28.7%</u>
Net Ordinary Income	<u>-10,060.95</u>	<u>-15,507.10</u>	<u>5,446.15</u>	<u>35.1%</u>
Net Income	<u><u>-10,060.95</u></u>	<u><u>-15,507.10</u></u>	<u><u>5,446.15</u></u>	<u><u>35.1%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2015 through January 2016

	Jul '15 - Jan 16	Jul '14 - Jan 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,375.00	1,700.00	-325.00	-19.1%
4293551 · Certificate Renewals-Active	60,200.00	57,450.00	2,750.00	4.8%
4293552 · Certificate Renewals-Inactive	20,100.00	20,050.00	50.00	0.3%
4293553 · Certificate Renewals-Retired	1,040.00	970.00	70.00	7.2%
4293554 · Initial Firm Permits	150.00	700.00	-550.00	-78.6%
4293555 · Firm Permit Renewals	13,700.00	14,060.00	-360.00	-2.6%
4293557 · Initial Audit	450.00	300.00	150.00	50.0%
4293558 · Re-Exam Audit	1,320.00	1,290.00	30.00	2.3%
4293561 · Late Fees-Certificate Renewals	2,950.00	2,600.00	350.00	13.5%
4293563 · Late Fees-Firm Permit Renewals	400.00	300.00	100.00	33.3%
4293564 · Late Fees-Peer Review	350.00	500.00	-150.00	-30.0%
4293566 · Firm Permit Owners	94,585.00	91,945.00	2,640.00	2.9%
4293567 · Peer Review Admin Fee	675.00	975.00	-300.00	-30.8%
4293568 · Firm Permit Name Change	100.00	150.00	-50.00	-33.3%
4293569 · Initial FAR	480.00	720.00	-240.00	-33.3%
4293570 · Initial REG	420.00	300.00	120.00	40.0%
4293571 · Initial BEC	330.00	330.00	0.00	0.0%
4293572 · Re-Exam FAR	1,050.00	990.00	60.00	6.1%
4293573 · Re-Exam REG	1,350.00	1,200.00	150.00	12.5%
4293574 · Re-Exam BEC	1,290.00	1,170.00	120.00	10.3%
4491000 · Interest and Dividend Revenue	4,714.96	3,578.78	1,136.18	31.8%
4896021 · Legal Recovery Cost	200.00	100.00	100.00	100.0%
Total Income	207,229.96	201,378.78	5,851.18	2.9%
Gross Profit	207,229.96	201,378.78	5,851.18	2.9%
Expense				
5101010 · F-T Emp Sal & Wages	32,751.16	30,800.03	1,951.13	6.3%
5101020 · P-T/Temp Emp Sal & Wages	14,316.50	17,907.53	-3,591.03	-20.1%
5101030 · Board & Comm Mbrs Fees	2,340.00	2,700.00	-360.00	-13.3%
5102010 · OASI-Employer's Share	3,388.23	3,723.19	-334.96	-9.0%
5102020 · Retirement-ER Share	2,805.55	2,882.98	-77.43	-2.7%
5102060 · Health /Life Ins.-ER Share	8,791.63	14,010.75	-5,219.12	-37.3%
5102080 · Worker's Compensation	37.57	29.27	8.30	28.4%
5102090 · Unemployment Insurance	18.32	21.93	-3.61	-16.5%
5203010 · Auto--State Owned	78.65	123.12	-44.47	-36.1%
5203020 · Auto-Private-Ownes Low Mileage	103.96	180.80	-76.84	-42.5%
5203030 · In State-Auto- Priv. High Miles	1,108.80	1,137.38	-28.58	-2.5%
5203100 · In State-Lodging	319.60	673.75	-354.15	-52.6%
5203120 · In State-Incidentals to Travel	20.00	10.00	10.00	100.0%
5203140 · InState-Tax Meals Not Overnight	11.00	0.00	11.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	268.00	363.00	-95.00	-26.2%
5203260 · OS-Air Commercial Carrier	1,190.40	2,167.80	-977.40	-45.1%
5203280 · OS-Other Public Carrier	124.00	101.31	22.69	22.4%
5203300 · OS-Lodging	1,730.46	3,322.19	-1,591.73	-47.9%
5203320 · OS-Incidentals to Travel	158.00	168.00	-10.00	-6.0%
5203350 · OS-Non-Taxable Meals Overnight	234.00	330.00	-96.00	-29.1%
5204010 · Subscriptions	208.98	563.58	-354.60	-62.9%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,100.00	-7,100.00	-100.0%
5204050 · Consultant Fees - Computer	10,607.50	0.00	10,607.50	100.0%
5204160 · Workshop Registration Fees	1,390.00	2,085.00	-695.00	-33.3%
5204180 · Computer Services-State	628.80	497.25	131.55	26.5%
5204181 · Computer Development Serv-State	1,312.85	1,990.10	-677.25	-34.0%
5204200 · Central Services	3,603.10	5,676.83	-2,073.73	-36.5%
5204220 · Equipment Service & Maintenance	15.43	27.08	-11.65	-43.0%
5204230 · Janitorial/Maintenance Services	885.85	860.02	25.83	3.0%
5204340 · Computer Software Maintenance	614.50	686.60	-72.10	-10.5%
5204360 · Advertising-Newspapers	0.00	938.33	-938.33	-100.0%
5204440 · Newsletter Publishing	0.00	444.00	-444.00	-100.0%
5204460 · Equipment Rental	1,703.00	1,621.00	82.00	5.1%
5204490 · Rents Privately Owned Property	8,886.15	8,886.15	0.00	0.0%
5204510 · Rent-Other	248.80	230.80	18.00	7.8%
5204530 · Telecommunications Services	1,865.77	1,936.84	-71.07	-3.7%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2015 through January 2016

	<u>Jul '15 - Jan 16</u>	<u>Jul '14 - Jan 15</u>	<u>\$ Change</u>	<u>% Change</u>
5204540 · Electricity	318.97	383.20	-64.23	-16.8%
5204560 · Water	67.05	67.05	0.00	0.0%
5204740 · Bank Fees and Charges	4,273.76	3,899.73	374.03	9.6%
5205020 · Office Supplies	620.29	115.36	504.93	437.7%
5205320 · Printing/Duplicating/Binding Co	127.65	126.00	1.65	1.3%
5205330 · Supplemental Publications	0.00	667.50	-667.50	-100.0%
5205350 · Postage	0.00	1,927.52	-1,927.52	-100.0%
5207900 · Computer Hardware	2,783.12	1,786.62	996.50	55.8%
5207960 · Computer Software Expense	960.00	0.00	960.00	100.0%
5228000 · Operating Transfers Out-NonBudg	2,313.87	2,425.00	-111.13	-4.6%
5228030 · Depreciation Expense	0.00	7,041.10	-7,041.10	-100.0%
Total Expense	<u>116,431.27</u>	<u>135,835.69</u>	<u>-19,404.42</u>	<u>-14.3%</u>
Net Ordinary Income	<u>90,798.69</u>	<u>65,543.09</u>	<u>25,255.60</u>	<u>38.5%</u>
Net Income	<u><u>90,798.69</u></u>	<u><u>65,543.09</u></u>	<u><u>25,255.60</u></u>	<u><u>38.5%</u></u>

BAL1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 02/29/2016

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	392,877.68	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			392,877.68	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			392,877.68	DR **	
BUDGET UNIT TOTAL 1031			392,877.68	DR ***	

AGENCY UNIT 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	1031000061802	51010100	CGEX160127	02/03/2016					2,077.09	DR
6503	1031000061802	51010100	CGEX160211	02/17/2016					2,468.32	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	1031000061802	51010200	CGEX160127	02/03/2016					4,545.41	DR *
6503	1031000061802	51010200	CGEX160211	02/17/2016					906.85	DR
6503	1031000061802	51010200	CGEX160211	02/17/2016					919.15	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	1031000061802	51010300	CGEX160127	02/03/2016					1,826.00	DR *
OBJSUB: 5101030 BOARD & COMM MBRS FEES										
OBJECT: 5101 EMPLOYEE SALARIES										
6503	1031000061802	51020100	CGEX160127	02/03/2016					6,791.41	DR **
6503	1031000061802	51020100	CGEX160211	02/17/2016					224.79	DR
6503	1031000061802	51020100	CGEX160211	02/17/2016					223.27	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	1031000061802	51020200	CGEX160127	02/03/2016					448.06	DR *
6503	1031000061802	51020200	CGEX160211	02/17/2016					179.04	DR
6503	1031000061802	51020200	CGEX160211	02/17/2016					203.27	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	1031000061802	51020600	CGEX160127	02/03/2016					382.31	DR *
6503	1031000061802	51020600	CGEX160211	02/17/2016					573.59	DR
6503	1031000061802	51020600	CGEX160211	02/17/2016					591.94	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	1031000061802	51020800	CGEX160127	02/03/2016					1,165.53	DR *
6503	1031000061802	51020800	CGEX160211	02/17/2016					2.39	DR
6503	1031000061802	51020800	CGEX160211	02/17/2016					2.71	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	1031000061802	51020900	CGEX160127	02/03/2016					5.10	DR *
6503	1031000061802	51020900	CGEX160211	02/17/2016					1.16	DR
6503	1031000061802	51020900	CGEX160211	02/17/2016					1.32	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
OBJECT: 5102 EMPLOYER BENEFITS										
GROUP: 51 PERSONAL SERVICES										
6503	1031000061802	52041800	DP601100	02/24/2016					2.48	DR *
6503	1031000061802	52041800	DP601100	02/24/2016					2,003.48	DR **
6503	1031000061802	52041800	DP601100	02/24/2016					8,794.89	DR ***
6503	1031000061802	52041800	DP601100	02/24/2016					281.65	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE										
6503	1031000061802	52042000	FM612069	02/29/2016					281.65	DR *
6503	1031000061802	52042000	PL601055	02/24/2016					977.54	DR
6503	1031000061802	52042000	PL601055	02/24/2016					153.14	DR
OBJSUB: 5204200 CENTRAL SERVICES										
6503	1031000061802	52042200	IN257080	02/12/2016	00282337	ABBUSINESS	12036980		1,130.68	DR *
6503	1031000061802	52042200	IN257080	02/12/2016	00282337	ABBUSINESS	12036980		73.36	DR
OBJSUB: 5204220 EQUIPMENT SERV & MAINT										
6503	1031000061802	52042300	16-018 AUG-JUN16	02/29/2016	00285811	SUNSETOFFI	12043890		73.36	DR *
6503	1031000061802	52042300	16-018 AUG-JUN16	02/29/2016	00285811	SUNSETOFFI	12043890		126.55	DR *

BA0205A5 02/27/2016 STATE OF SOUTH DAKOTA
 MONTHLY EXPENDITURE REPORT
 FOR PERIOD ENDING: 02/29/2016

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
6503	103100061802	5204230	JANITORIAL & MAINT SERV	02/29/2016	02151906	MCGINNISRO	12074040		126.55	DR *
		5204490	RENTS-PRIVATE OWNED PROP.	02/24/2016					1,269.45	DR *
		5204530	TL601154	02/03/2016	00279289	MIDCONTINE	12023782		132.89	DR
		5204530	111109001 JAN16	02/03/2016	00280383	ATMOBILIT	12279233		95.00	DR
		5204530	2872483814160116	02/03/2016					56.13	DR
6503	103100061802	5204530	TELECOMMUNICATIONS SRVCS	02/10/2016	02149586	XCELENERGY	12023853		284.02	DR *
		5204540	ELECTRICITY	02/10/2016	00281409	ECOWATER	12035896		62.05	DR *
		5204560	WATER	02/10/2016					22.35	DR *
		5205320	CONTRACTUAL SERVICES	02/03/2016	00279159	BUSINESSPR	12003048		3,250.11	DR **
		5205	40760	02/10/2016					27.60	DR **
		5228000	PRINTING-COMMERCIAL	02/10/2016					27.60	DR **
		5228	SUPPLIES & MATERIALS	02/10/2016					390.33	DR **
		5228	T106-066	02/10/2016					27.60	DR **
		5228	OPER TRANS OUT -NON BUDGT						390.33	DR **
		5228	NONOP EXP/NONBGTD OP TR						3,668.04	DR ****
		5228	OPERATING EXPENSES						12,462.93	DR *****
		5228	OPERATING EXPENSES						12,462.93	DR *****
		5228	OPERATING EXPENSES						12,462.93	DR *****
		5228	OPERATING EXPENSES						12,462.93	DR *****
		5228	OPERATING EXPENSES						12,462.93	DR *****

South Dakota Board of Accountancy
Balance Sheet
As of February 29, 2016

	Feb 29, 16
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - Great Western	3,228.13
1140000 · Pool Cash State of SD	392,877.68
Total Checking/Savings	396,105.81
Other Current Assets	
1131000 · Interest Income Receivable	4,392.05
1213000 · Investment Income Receivable	981.51
Total Other Current Assets	5,373.56
Total Current Assets	401,479.37
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-140,063.23
Total 1670000 · Computer Software	0.00
Total Fixed Assets	0.00
TOTAL ASSETS	401,479.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	7,412.41
Total Accounts Payable	7,412.41
Other Current Liabilities	
2430000 · Accrued Wages Payable	6,729.32
2810000 · Amounts Held for Others	26,500.92
Total Other Current Liabilities	33,230.24
Total Current Liabilities	40,642.65
Long Term Liabilities	
2960000 · Compensated Absences Payable	18,468.75
Total Long Term Liabilities	18,468.75
Total Liabilities	59,111.40
Equity	
3220000 · Unrestricted Net Assets	252,447.33
3900 · Retained Earnings	11,248.06
Net Income	78,672.58
Total Equity	342,367.97
TOTAL LIABILITIES & EQUITY	401,479.37

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2015 through February 2016

	Jul '15 - Feb 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,475.00	2,800.00	-1,325.00	52.7%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-75.00			
4293551 · Certificate Renewals-Active - Other	60,275.00	58,000.00	2,275.00	103.9%
Total 4293551 · Certificate Renewals-Active	60,200.00	58,000.00	2,200.00	103.8%
4293552 · Certificate Renewals-Inactive	20,100.00	21,000.00	-900.00	95.7%
4293553 · Certificate Renewals-Retired	1,040.00	800.00	240.00	130.0%
4293554 · Initial Firm Permits	250.00	700.00	-450.00	35.7%
4293555 · Firm Permit Renewals	13,700.00	15,500.00	-1,800.00	88.4%
4293557 · Initial Audit	600.00	900.00	-300.00	66.7%
4293558 · Re-Exam Audit	1,440.00	2,460.00	-1,020.00	58.5%
4293560 · Late Fees-Initial Certificate	0.00	0.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,950.00	3,000.00	-50.00	98.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	450.00	600.00	-150.00	75.0%
Total 4293563 · Late Fees-Firm Permit Renewals	400.00	600.00	-200.00	66.7%
4293564 · Late Fees-Peer Review	400.00	1,300.00	-900.00	30.8%
4293566 · Firm Permit Owners	95,235.00	105,000.00	-9,765.00	90.7%
4293567 · Peer Review Admin Fee	750.00	5,650.00	-4,900.00	13.3%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	100.0%
4293569 · Initial FAR	600.00	1,140.00	-540.00	52.6%
4293570 · Initial REG	600.00	660.00	-60.00	90.9%
4293571 · Initial BEC	480.00	930.00	-450.00	51.6%
4293572 · Re-Exam FAR	1,140.00	1,860.00	-720.00	61.3%
4293573 · Re-Exam REG	1,410.00	2,310.00	-900.00	61.0%
4293574 · Re-Exam BEC	1,350.00	2,310.00	-960.00	58.4%
4491000 · Interest and Dividend Revenue	4,714.96	6,500.00	-1,785.04	72.5%
4896021 · Legal Recovery Cost	200.00	1,000.00	-800.00	20.0%
Total Income	209,134.96	234,520.00	-25,385.04	89.2%
Gross Profit	209,134.96	234,520.00	-25,385.04	89.2%
Expense				
5101010 · F-T Emp Sal & Wages	37,296.57	73,420.00	-36,123.43	50.8%
5101020 · P-T/Temp Emp Sal & Wages	16,142.50	27,319.00	-11,176.50	59.1%
5101030 · Board & Comm Mbrs Fees	2,760.00	2,595.00	165.00	106.4%
5102010 · OASI-Employer's Share	3,836.29	8,102.00	-4,265.71	47.3%
5102020 · Retirement-ER Share	3,187.86	6,044.00	-2,856.14	52.7%
5102060 · Health /Life Ins.-ER Share	9,957.16	26,052.00	-16,094.84	38.2%
5102080 · Worker's Compensation	42.67	218.00	-175.33	19.6%
5102090 · Unemployment Insurance	20.80	91.00	-70.20	22.9%
5203010 · Auto--State Owned	78.65	1,000.00	-921.35	7.9%
5203020 · Auto-Private-Owne Low Mileage	103.96	400.00	-296.04	26.0%
5203030 · In State-Auto- Priv. High Miles	1,108.80	1,500.00	-391.20	73.9%
5203100 · In State-Lodging	319.60	1,000.00	-680.40	32.0%
5203120 · In State-Incidentals to Travel	20.00	100.00	-80.00	20.0%
5203140 · InState-Tax Meals Not OverNigt	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNigt	268.00	400.00	-132.00	67.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	1,190.40	6,000.00	-4,809.60	19.8%
5203280 · OS-Other Public Carrier	124.00	500.00	-376.00	24.8%
5203300 · OS-Lodging	1,730.46	7,800.00	-6,069.54	22.2%
5203320 · OS-Incidentals to Travel	158.00	450.00	-292.00	35.1%
5203350 · OS-Non-Taxable Meals Overnight	234.00	1,300.00	-1,066.00	18.0%
5204010 · Subscriptions	208.98	1,000.00	-791.02	20.9%
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	0.00	7,100.00	-7,100.00	0.0%
5204050 · Consultant Fees - Computer	10,607.50	34,075.00	-23,467.50	31.1%

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2015 through February 2016

	Jul '15 - Feb 16	Budget	\$ Over Budget	% of Budget
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	2,085.00	6,000.00	-3,915.00	34.8%
5204180 · Computer Services-State	910.45	600.00	310.45	151.7%
5204181 · Computer Development Serv-State	1,312.85	10,400.00	-9,087.15	12.6%
5204200 · Central Services	4,733.78	7,000.00	-2,266.22	67.6%
5204220 · Equipment Service & Maintenance	17.79	300.00	-282.21	5.9%
5204230 · Janitorial/Maintenance Services	1,012.40	1,560.00	-547.60	64.9%
5204340 · Computer Software Maintenance	614.50	2,000.00	-1,385.50	30.7%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	2,377.00	4,000.00	-1,623.00	59.4%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	10,155.60	15,234.00	-5,078.40	66.7%
5204510 · Rent-Other	248.80	500.00	-251.20	49.8%
5204530 · Telecommunications Services	2,149.79	3,500.00	-1,350.21	61.4%
5204540 · Electricity	384.14	865.00	-480.86	44.4%
5204560 · Water	89.40	240.00	-150.60	37.3%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	4,337.46	6,000.00	-1,662.54	72.3%
5204960 · Other Contractual Services	0.00	0.00	0.00	0.0%
5205020 · Office Supplies	784.95	2,000.00	-1,215.05	39.2%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	127.65	1,000.00	-872.35	12.8%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	0.00	2,500.00	-2,500.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	2,783.12	4,800.00	-2,016.88	58.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	1,026.30	500.00	526.30	205.3%
5228000 · Operating Transfers Out-NonBudg	2,704.20	7,400.00	-4,695.80	36.5%
5228030 · Depreciation Expense	0.00	0.00	0.00	0.0%
Total Expense	130,462.38	293,875.00	-163,412.62	44.4%
Net Ordinary Income	78,672.58	-59,355.00	138,027.58	-132.5%
Net Income	78,672.58	-59,355.00	138,027.58	-132.5%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
February 2016

	Feb 16	Feb 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	100.00	185.00	-85.00	-46.0%
4293554 · Initial Firm Permits	100.00	0.00	100.00	100.0%
4293557 · Initial Audit	150.00	60.00	90.00	150.0%
4293558 · Re-Exam Audit	120.00	120.00	0.00	0.0%
4293560 · Late Fees-Initial Certificate	0.00	50.00	-50.00	-100.0%
4293564 · Late Fees-Peer Review	50.00	0.00	50.00	100.0%
4293566 · Firm Permit Owners	650.00	0.00	650.00	100.0%
4293567 · Peer Review Admin Fee	75.00	0.00	75.00	100.0%
4293568 · Firm Permit Name Change	0.00	50.00	-50.00	-100.0%
4293569 · Initial FAR	120.00	150.00	-30.00	-20.0%
4293570 · Initial REG	180.00	90.00	90.00	100.0%
4293571 · Initial BEC	150.00	60.00	90.00	150.0%
4293572 · Re-Exam FAR	90.00	120.00	-30.00	-25.0%
4293573 · Re-Exam REG	60.00	180.00	-120.00	-66.7%
4293574 · Re-Exam BEC	60.00	150.00	-90.00	-60.0%
Total Income	<u>1,905.00</u>	<u>1,215.00</u>	<u>690.00</u>	<u>56.8%</u>
Gross Profit	1,905.00	1,215.00	690.00	56.8%
Expense				
5101010 · F-T Emp Sal & Wages	4,545.41	3,906.00	639.41	16.4%
5101020 · P-T/Temp Emp Sal & Wages	1,826.00	1,632.12	193.88	11.9%
5101030 · Board & Comm Mbrs Fees	420.00	0.00	420.00	100.0%
5102010 · OASI-Employer's Share	448.06	404.80	43.26	10.7%
5102020 · Retirement-ER Share	382.31	332.29	50.02	15.1%
5102060 · Health /Life Ins.-ER Share	1,165.53	1,437.00	-271.47	-18.9%
5102080 · Worker's Compensation	5.10	3.33	1.77	53.2%
5102090 · Unemployment Insurance	2.48	2.49	-0.01	-0.4%
5204160 · Workshop Registration Fees	695.00	1,390.00	-695.00	-50.0%
5204180 · Computer Services-State	0.00	175.50	-175.50	-100.0%
5204181 · Computer Development Serv-State	0.00	301.50	-301.50	-100.0%
5204200 · Central Services	1,130.68	1,273.26	-142.58	-11.2%
5204220 · Equipment Service & Maintenance	2.36	0.56	1.80	321.4%
5204230 · Janitorial/Maintenance Services	126.55	122.86	3.69	3.0%
5204440 · Newsletter Publishing	0.00	234.15	-234.15	-100.0%
5204460 · Equipment Rental	674.00	674.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	151.13	276.91	-125.78	-45.4%
5204540 · Electricity	65.17	71.93	-6.76	-9.4%
5204560 · Water	22.35	0.00	22.35	100.0%
5204740 · Bank Fees and Charges	63.70	80.17	-16.47	-20.5%
5204960 · Other Contractual Services	0.00	60.96	-60.96	-100.0%
5205020 · Office Supplies	164.66	0.00	164.66	100.0%
5205330 · Supplemental Publications	0.00	387.50	-387.50	-100.0%
5205350 · Postage	0.00	628.20	-628.20	-100.0%
5207960 · Computer Software Expense	66.30	0.00	66.30	100.0%
5228000 · Operating Transfers Out-NonBudg	390.33	476.80	-86.47	-18.1%
5228030 · Depreciation Expense	0.00	1,005.86	-1,005.86	-100.0%
Total Expense	<u>13,616.57</u>	<u>16,147.64</u>	<u>-2,531.07</u>	<u>-15.7%</u>
Net Ordinary Income	<u>-11,711.57</u>	<u>-14,932.64</u>	<u>3,221.07</u>	<u>21.6%</u>
Net Income	<u><u>-11,711.57</u></u>	<u><u>-14,932.64</u></u>	<u><u>3,221.07</u></u>	<u><u>21.6%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2015 through February 2016

	Jul '15 - Feb 16	Jul '14 - Feb 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,475.00	1,885.00	-410.00	-21.8%
4293551 · Certificate Renewals-Active	60,200.00	57,450.00	2,750.00	4.8%
4293552 · Certificate Renewals-Inactive	20,100.00	20,050.00	50.00	0.3%
4293553 · Certificate Renewals-Retired	1,040.00	970.00	70.00	7.2%
4293554 · Initial Firm Permits	250.00	700.00	-450.00	-64.3%
4293555 · Firm Permit Renewals	13,700.00	14,060.00	-360.00	-2.6%
4293557 · Initial Audit	600.00	360.00	240.00	66.7%
4293558 · Re-Exam Audit	1,440.00	1,410.00	30.00	2.1%
4293560 · Late Fees-Initial Certificate	0.00	50.00	-50.00	-100.0%
4293561 · Late Fees-Certificate Renewals	2,950.00	2,600.00	350.00	13.5%
4293563 · Late Fees-Firm Permit Renewals	400.00	300.00	100.00	33.3%
4293564 · Late Fees-Peer Review	400.00	500.00	-100.00	-20.0%
4293566 · Firm Permit Owners	95,235.00	91,945.00	3,290.00	3.6%
4293567 · Peer Review Admin Fee	750.00	975.00	-225.00	-23.1%
4293568 · Firm Permit Name Change	100.00	200.00	-100.00	-50.0%
4293569 · Initial FAR	600.00	870.00	-270.00	-31.0%
4293570 · Initial REG	600.00	390.00	210.00	53.9%
4293571 · Initial BEC	480.00	390.00	90.00	23.1%
4293572 · Re-Exam FAR	1,140.00	1,110.00	30.00	2.7%
4293573 · Re-Exam REG	1,410.00	1,380.00	30.00	2.2%
4293574 · Re-Exam BEC	1,350.00	1,320.00	30.00	2.3%
4491000 · Interest and Dividend Revenue	4,714.96	3,578.78	1,136.18	31.8%
4896021 · Legal Recovery Cost	200.00	100.00	100.00	100.0%
Total Income	209,134.96	202,593.78	6,541.18	3.2%
Gross Profit	209,134.96	202,593.78	6,541.18	3.2%
Expense				
5101010 · F-T Emp Sal & Wages	37,296.57	34,706.03	2,590.54	7.5%
5101020 · P-T/Temp Emp Sal & Wages	16,142.50	19,539.65	-3,397.15	-17.4%
5101030 · Board & Comm Mbrs Fees	2,760.00	2,700.00	60.00	2.2%
5102010 · OASI-Employer's Share	3,836.29	4,127.99	-291.70	-7.1%
5102020 · Retirement-ER Share	3,187.86	3,215.27	-27.41	-0.9%
5102060 · Health /Life Ins.-ER Share	9,957.16	15,447.75	-5,490.59	-35.5%
5102080 · Worker's Compensation	42.67	32.60	10.07	30.9%
5102090 · Unemployment Insurance	20.80	24.42	-3.62	-14.8%
5203010 · Auto--State Owned	78.65	123.12	-44.47	-36.1%
5203020 · Auto-Private-Ownees Low Mileage	103.96	180.80	-76.84	-42.5%
5203030 · In State-Auto- Priv. High Miles	1,108.80	1,137.38	-28.58	-2.5%
5203100 · In State-Lodging	319.60	673.75	-354.15	-52.6%
5203120 · In State-Incidentals to Travel	20.00	10.00	10.00	100.0%
5203140 · InState-Tax Meals Not Overnight	11.00	0.00	11.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	268.00	363.00	-95.00	-26.2%
5203260 · OS-Air Commercial Carrier	1,190.40	2,167.80	-977.40	-45.1%
5203280 · OS-Other Public Carrier	124.00	101.31	22.69	22.4%
5203300 · OS-Lodging	1,730.46	3,322.19	-1,591.73	-47.9%
5203320 · OS-Incidentals to Travel	158.00	168.00	-10.00	-6.0%
5203350 · OS-Non-Taxable Meals Overnight	234.00	330.00	-96.00	-29.1%
5204010 · Subscriptions	208.98	563.58	-354.60	-62.9%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,100.00	-7,100.00	-100.0%
5204050 · Consultant Fees - Computer	10,607.50	0.00	10,607.50	100.0%
5204160 · Workshop Registration Fees	2,085.00	3,475.00	-1,390.00	-40.0%
5204180 · Computer Services-State	910.45	672.75	237.70	35.3%
5204181 · Computer Development Serv-State	1,312.85	2,291.60	-978.75	-42.7%
5204200 · Central Services	4,733.78	6,950.09	-2,216.31	-31.9%
5204220 · Equipment Service & Maintenance	17.79	27.64	-9.85	-35.6%
5204230 · Janitorial/Maintenance Services	1,012.40	982.88	29.52	3.0%
5204340 · Computer Software Maintenance	614.50	686.60	-72.10	-10.5%
5204360 · Advertising-Newspapers	0.00	938.33	-938.33	-100.0%
5204440 · Newsletter Publishing	0.00	678.15	-678.15	-100.0%
5204460 · Equipment Rental	2,377.00	2,295.00	82.00	3.6%
5204490 · Rents Privately Owned Property	10,155.60	10,155.60	0.00	0.0%
5204510 · Rent-Other	248.80	230.80	18.00	7.8%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2015 through February 2016

	Jul '15 - Feb 16	Jul '14 - Feb 15	\$ Change	% Change
5204530 · Telecommunications Services	2,149.79	2,213.75	-63.96	-2.9%
5204540 · Electricity	384.14	455.13	-70.99	-15.6%
5204560 · Water	89.40	67.05	22.35	33.3%
5204740 · Bank Fees and Charges	4,337.46	3,979.90	357.56	9.0%
5204960 · Other Contractual Services	0.00	60.96	-60.96	-100.0%
5205020 · Office Supplies	784.95	115.36	669.59	580.4%
5205320 · Printing/Duplicating/Binding Co	127.65	126.00	1.65	1.3%
5205330 · Supplemental Publications	0.00	1,055.00	-1,055.00	-100.0%
5205350 · Postage	0.00	2,555.72	-2,555.72	-100.0%
5207900 · Computer Hardware	2,783.12	1,786.62	996.50	55.8%
5207960 · Computer Software Expense	1,026.30	0.00	1,026.30	100.0%
5228000 · Operating Transfers Out-NonBudg	2,704.20	2,901.80	-197.60	-6.8%
5228030 · Depreciation Expense	0.00	8,046.96	-8,046.96	-100.0%
Total Expense	130,462.38	151,983.33	-21,520.95	-14.2%
Net Ordinary Income	78,672.58	50,610.45	28,062.13	55.5%
Net Income	78,672.58	50,610.45	28,062.13	55.5%

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Database update

The board staff has had weekly meetings with GL Solutions for training. Future calls will be scheduled for bi-weekly meetings in regards to the outputs and design process. The timeline is being developed with the goal of a "Go Live" date in late 2016 or early 2017.

CPE Audits

The list of licensees has been selected for CPE audits and letters were sent out to those selected on September 4, 2015. The documentation is due in our office no later than October 30, 2015. The following chart shows the status of the audits as of March 3, 2016.

	Selected	Complied	Not Complied	Granted Extension	Approved CPE Audit	Failed CPE Audit
CPA (Active)	54	54	0	0	52	2
CPA (Active in Firm)	50	50	0	0	50	0

Board Discussion

- Any New Business/topics?



**AICPA BOARD OF EXAMINERS (BOE)
MEETING HIGHLIGHTS
February 11 - 12, 2016**

Participants

BOE Members: Barry Berkowitz, Michael Daggett (Chair), Jeanne Dee, Kadriye Ercikan, Shelly Holzman, Kristine Hull, Gary Lubin, Roberta Newhouse, Gina Pruitt, Mark Shermis, Ola Smith, Amy Sutherland

AICPA Staff: Michael Decker (Staff Liaison), Noel Albertson, Rich Gallagher, Michael Horan, Lori Kelly, Joe Maslott, John Mattar, Robin Stackhouse, Arleen Thomas, Lauren Walter

NASBA ERB Staff: Onita Porter

BOE Practice Analysis Sponsor Group: Rick Niswander

Roberta Newhouse, Chair of the State Board Committee (SBC), reported on the prior day's meeting, where much of the meeting was spent reviewing the final design of the next version of the CPA Examination ("Exam") and resulting communications to candidates and State Boards. It was also strongly suggested that the Examinations Team present at the upcoming NASBA Executive Director and State Board Regional conferences.

The SBC remains interested in the CPA pipeline to the profession, NASBA and AICPA research into current candidate behavior, and enhancing candidate convenience to support the pipeline. With the pending launch of the updated Exam, the SBC expressed an interest in understanding the performance of candidates from 120-hour states vs. 150-hour states. The SBC suggested that the AICPA explore marketing and promotional material of "the lifetime value of the CPA".

The SBC also looks forward to the Examinations Team's spring and summer speaker and conference presentations to prepare the profession and the pipeline to the upcoming Exam updates.

Mark Shermis, Chair of the Psychometric Oversight Committee (POC), reported on the POC's unanimous approval of the design of the next version of the Exam. The POC was also supportive of the proposed 10-week score hold timeframe required at Exam launch for the AICPA staff to work with consultants and the BOE to set the cut scores for the updated Exam. This is a critical time requiring the utmost accuracy and while the POC acknowledged the candidate impact, the POC stressed the need to perform standard setting using a full quarter's data.

Significant discussions continue to be held with the POC and AICPA staff regarding the design of the candidate score report. Research between the AICPA staff and a few POC members into a new score report is underway.

Amy Sutherland, Chair of the Content Committee (CC), reported that the CC and its section subcommittees carefully reviewed all of the feedback received on the Exposure Draft and completed their updates to the final design, including to the final test blueprints and task statements, with unanimous approval of the entire design of the next version of the Exam. Ms. Sutherland and the AICPA staff are especially appreciative of the content volunteers' time as the volunteers' annual work on the Exam is over 200 hours. Ms. Sutherland reported that due to the hard work of the volunteers and the coordination by the AICPA staff, the item inventory necessary to launch the updated Exam is in development and testing and is on schedule for the August build of the 17Q2 Exam.

Arleen Thomas, AICPA Senior Vice President of Management Accounting & Global Markets, presented on her global travels and led the BOE in a discussion on potential future disruptors within the accounting profession and in the assessment of students as part of the examination and licensure process. Specifically, the discussion focused on disruptive changes to:

- The accounting profession resulting from a number of factors including the automation of auditing, the future of audit, the use of big data and business analytics, enhanced technology, globalization, and firm and business and industry hiring practices.
- What are the future possible disruptors to the licensure process and the regulation of CPAs?
- Emerging psychometric and testing enhancements
- Customer service and engagement expectations from future CPA candidates (millennials)

This discussion comes at a fortuitous time as the BOE and AICPA staff look to update the BOE Strategic Plan.

Rich Gallagher, Director of Content, Joe Maslott, Senior Manager of Content Management, and Lori Kelly, Manager, Exam Content shared with the BOE the summary of over 600 specific comments from over 50 Exposure Draft (ED) response letters from firms and groups and 40 comment letters from individuals, and the consideration that was given to these comments by the Sponsor Group, Content Committee and its subcommittees in the final design of the Next Version of the Exam.

The final design presented to the BOE, reflecting changes and enhancements to the design included in the ED, was reviewed and approved by each of the AICPA content subcommittees, the Content Committee, the Psychometric Oversight Committee, the Sponsor Group, and the State Board Committee.

Stakeholders strongly supported the assessment of higher-order cognitive skills, the introduction of more informative blueprints to replace the current Content and Skill Specification Outlines (CSOs / SSOs), the inclusion of analysis and evaluation level tasks and increasing the use of simulations that provide more of a real-world experience and better assessment of a candidate's higher-order cognitive skills.

Important and relevant conclusions based on the practice analysis and Exposure Draft comment responses include:

- The next Exam will launch for the testing window *starting the second quarter of 2017*.
- The Exam will remain structured by the *four existing sections* - Audit and Attestation (AUD), Business Environment and Concepts, Financial Accounting and Reporting (FAR) and Regulation (REG).
- The Exam will have an increased emphasis on *testing higher order skills* that include, but are not limited to, critical thinking, problem solving, analytical ability and professional skepticism
- Each section will have a *blueprint* illustrating the content and knowledge and skills that will be tested on the Exam, which are linked directly to tasks that are representative of the work of a newly licensed CPA.
- To test a combination of content knowledge and higher order skills, more *task-based simulations* (TBSs) will be added.
- TBSs will be added to the BEC section.
- Total Exam testing time will increase from 14 - 16 hours - four sections of *four hours each*.

Following a thorough review of all comments, the final content, structure and design of the next version of the Exam was approved unanimously by the BOE in preparation for an April 2017 debut.

Michael Horan, AICPA Senior Manager of Examinations Communications, reviewed with the BOE the full communications plan behind the April 2016 announcement of the Next Version of the Exam, including but not limited to: press releases, website updates, NASBA, State Board, State Society, AAA, and Educator conferences, and social media communications.

Robin Stackhouse, AICPA Director of Examination Development and Production, and Joe Maslott, presented to the BOE their on-time, on-budget plans to develop the Next Version of the Exam. Ms. Stackhouse and Mr. Maslott lead the improved training and performance of our item writers and item reviewers, and driving efficiencies throughout the entire process. In addition, field testing of the BEC's task-based simulations and of the evaluation-level AUD (audit) section items was also reported to be successful.

Noel Albertson, AICPA Director of Project and Technology Delivery, shared with the BOE the success of the 16Q1 NextGen (new driver) software release into the production Prometric network with a drop in the software error retest rate and the candidate restart rate. Mr. Albertson also reported that we remain on-schedule and on-budget for the release of the new web-based test delivery driver in the Prometric network in 2018. Included in the 2018 release will be an entirely new candidate user experience (UX) for which we continue to received positive feedback.

Joel White, AICPA Director of Internal Audit, Risk, and Compliance (iARC), reported on iARC's role in overseeing audit, risk, and compliance for the AICPA and for the Examinations team. Working closely with external auditors, the AICPA Audit Committee, the AICPA Security and Privacy team, internal iARC and Examinations team staff, and NASBA's ERB (Examination Review Board), the iARC team ensures that the Exam systems, software, and content remain secure and compliant with contracts and best practices. Mr. White shared iARC's plan for 2016 including but not limited to: vendor monitoring, penetration testing, the SOC II audit, cybersecurity assessments, compliance and secure access, and business continuity.

BOE Sponsor and BOE Oversight Group Reports

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

BOE members Barry Berkowitz and Shelly Holzman, and Michael Decker presented an overview of the budget in the FOG Report. The FOG reviewed budgeting for all of the technology and Practice Analysis projects planned through 2018, all of which fall within the scope of the domestic contract, and with an eye toward tri-party contract renewal and the break-even in 2024.

Another strong year for **Volunteer Recruiting** will soon be underway as the AICPA is working closely with NASBA on the BOE and other appointments. Achieving our diversity and inclusion goals will be a key focus for us in the 2016 appointment year.

Michael Decker, AICPA Vice President of Examinations, and John Mattar, AICPA Director of Psychometrics updated the BOE on the psychometric considerations in launching and scoring the Next Version of the Exam. They also provided insight to psychometric and content research underway with respect to assessing professional skepticism and automated essay scoring for content accuracy.

Mr. Decker and Mr. Mattar shared the current status of their research into the candidate pipeline and the candidate behavior regarding how often the candidates test, their performance, and their passing or dropout rates.

Mr. Decker introduced a brief plan to update the BOE Strategic Plan including the use of a PESTLE (political, environmental, social, technological, legal, and environmental) and SWOT (strengths, weaknesses, opportunities, and threats) analysis, focusing on changes and disruptors in the accounting profession, with psychometrics and test standards, in licensure and regulation, and with millennial candidate expectations.

In closing, Mr. Decker presented an updated on the leadership training and teamwork training efforts of the entire AICPA Examinations Team.

Statement on Standards for Continuing Professional Education (CPE) Programs

Red-lined Draft of Recommended Changes
to the April 2015 Exposure Draft

November 2015

Table of Contents

Introduction	i
Preamble.....	ii
Article I - Definitions	1
Article II – General Guidelines for CPAs.....	3
2.1 Professional Competence	3
2.2 CPE Compliance	3
2.3 CPE Credits Record Documentation	3
2.4 Reporting CPE Credits	4
2.5 Independent Study	4
Article III – Standards for CPE Program Sponsors.....	5
3.1 General Standards	5
Standard No. 1: CPE Program Sponsor Responsibility	5
S1 – 01 : CPE requirements of licensing bodies and others	5
3.2 Standards for CPE Program Development.....	5
Standard No. 2: Learning Activities Based on Learning Objectives	5
S2 – 01 : Program knowledge level.....	5
Standard No. 3: Learning Activities Consistent with Experience of Participant.....	5
S3 – 01 : Prerequisite education and experience.....	5
Standard No. 4: Learning Activities and Materials Current and Technically Accurate	5
S4 – 01 : Developed by subject matter expert	5
Standard No. 5: Learning Activities Reviewed by Independent Person	5
S5 – 01 : Qualifications of reviewers	6
S5 – 02 : Review responsibilities if content purchased from another entity.....	6
Standard No. 6: Independent Study Learning Activities.....	6
S6 – 01 : Requirements of independent study sponsor.....	6
Standard No. 7: Group Live Programs.....	6
S7 – 01 : Required elements of engagement.....	6
S7 – 02 : Real time instructor during program presentation	7
S7 – 03 : No real time instructor during recorded program presentation	7
Standard No. 8: Group Internet Based Programs	7
S8 – 01 : Real time instructor during program presentation	7

S8 – 02 : No real time instructor during recorded program presentation	7
Standard No. 9: Self Study Programs	7
S9 – 01 : Guide participant through a program of learning.....	7
S9 – 02 : Use of review questions and other content reinforcement tools.....	7
S9 – 03 : Evaluative and reinforcement feedback on review questions	8
S9 – 04 : Qualified assessment requirements.....	8
S9 – 05 : Feedback on qualified assessment.....	8
S9 – 06 : Program/course expiration date.....	9
S9 – 07 : Based on materials developed for instructional use	9
Standard No. 10: Nano-Learning Programs.....	9
S10 – 01 : Qualified assessment requirements.....	9
S10 – 02 : Feedback on qualified assessment.....	9
S10 – 03 : Program/course expiration date.....	10
S10 – 04 : Based on materials developed for instructional use	10
Standard No. 11: Blended Learning Programs	10
S11 – 01 : Guide participant through a program of learning.....	10
S11 – 02 : Primary component of blended learning program is a group program	10
S11 – 03 : Primary component of blended learning program is a self study program.....	10
S11 – 04–03.1 : Qualified assessment requirements	10
3.3 Standards for CPE Program Presentation.....	10
Standard No. 12: Descriptive Materials for Participant to Assess Learning Activities.....	10
S12 – 01 : Disclose significant features of program in advance	11
S12 – 02 : Disclose advance preparation and/or prerequisites.....	11
Standard No. 13: Instructors Qualified in Program Content and Instructional Method.....	11
S13 – 01 : Qualifications of instructors	11
S13 – 02 : Evaluation of instructors' performance.....	11
Standard No. 14: Evaluation of Learning Activities	11
S14 – 01 : Required elements of evaluation	11
S14 – 02 : Evaluation results.....	12
Standard No. 15: Instructional Methods Appropriate for Learning Activities.....	12
S15 – 01 : Assess instructional method in context of program presentation	12
S15 – 02 : Facilities and technology appropriateness	12
3.4 Standards for CPE Program Measurement.....	12
Standard No. 16: Program Length Measured in CPE Credits.....	12

S16 – 01 : Learning activities with individual segments	12
S16 – 02 : Responsibility to monitor attendance	13
S16 – 03 : Monitoring mechanism for group Internet based programs	13
S16 – 04 : Small group viewing of group Internet based programs	13
S16 – 05 : University or college credit course	13
S16 – 06 : University or college non-credit course	13
S16 – 07 : Participant preparation time	13
S16 – 08 : Committee or staff meetings qualification for CPE credits	13
Standard No. 17: Self Study CPE Credits Based on Pilot Testing or Word Count Formula	13
S17 – 01 : Method 1 - Sample group of pilot testers	13
S17 – 02 : Method 1 - CPE credit based on representative completion time	14
S17 – 03 : Method 1 - Requirement for re-pilot testing	14
S17 – 04 : Method 1 - Pilot testing when course purchased from vendor or other developer.....	14
S17 – 05 : Method 2 – Basis for word count formula	14
S17 – 06 : Method 2 – Consideration of CPE credit using word count formula	14
S17 – 07 : Method 2 – Calculation of audio and video segments in word count formula.....	15
S17 – 08 : Method 2 – Word count formula when course purchased from vendor or other developer.....	15
Standard No. 18: CPE Credit for Nano-Learning Programs.....	15
Standard No. 19: CPE Credit for Blended Learning Programs	15
Standard No. 20: Instructor/Technical Reviewer CPE Credit for Preparation and Presentation Time	15
S20 – 01 : Instructor CPE credit parameters.....	15
S20 – 02 : Presenting a program	15
S20 – 03 : Technical reviewer CPE credit parameters.....	15
Standard No. 21: Author CPE Credit	16
S21 – 01 : Requirement for review from independent party	16
S21 – 02 : Authoring a program	16
Standard No. 22: CPE Credit for Independent Study.....	16
S22 – 01 : CPE credits agreed to in advance	16
3.5 Standards for CPE Program Reporting	16
Standard No. 23: Documentation of Participation in Program.....	16

S23 – 01 : Entity to award CPE credits and acceptable documentation	16
S23 – 02 : Certificate issuance for simultaneous delivery of a group live and group Internet based program	17
Standard No. 24: Program and Participant Documentation Maintenance.....	17
S24 – 01 : Required documentation elements	17
S24 – 02 : Maintenance of documentation as basis for CPE credit for self study programs	17
<u>S24 – 03 : Maintenance of documentation of element of engagement for group live programs</u>	<u>17</u>
<u>S24 – 04 : Maintenance of documentation of instructions/information to participants regarding the components comprising a blended learning program</u>	<u>17</u>
Effective dates.....	18

Introduction

Continuing professional education is required for CPAs to maintain their professional competence and provide quality professional services. CPAs are responsible for complying with all applicable CPE requirements, rules and regulations of state boards of accountancy, as well as those of membership associations and other professional organizations.

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The *Standards* were last revised in 2012.

The *Standards* are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group is comprised of 13 members representing the various stakeholders in the CPE arena, including state boards of accountancy, state societies, educators, CPE providers, and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendations to NASBA's CPE Committee (CPE Committee), which in turn makes recommendations to the Joint AICPA/NASBA CPE Standards Committee (Joint Committee). The Joint Committee will then make its recommendation to the respective AICPA and NASBA Boards of Directors. Any revisions or modifications to the *Standards* will be posted to the AICPA and NASBA websites for comment.

The *Standards* are intended to be an "evergreen" document. As questions arise related to implementation and application of the *Standards*, the questions will be presented to the Working Group. The Working Group meets quarterly and scheduled meeting dates are posted on the NASBA website, LearningMarket.org and NASBARegistry.org. NASBA will communicate the findings of the Working Group to the specific CPE program sponsor. Authoritative interpretations will only be issued by the CPE Committee in limited cases when the matter is not addressed in the *Standards*, cannot be addressed specifically with the CPE program sponsor, or cannot be addressed in the Best Practices web pages. All interpretations issued by the CPE Committee will be reviewed and considered by the Joint Committee upon the next revision of the *Standards*.

Preamble

1. The right to use the title "Certified Public Accountant" (CPA) is regulated by each state's board of accountancy in the public interest and imposes a duty to maintain public confidence by maintaining and current knowledge, skills, and abilities professional competence, as defined in the Standards, in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.¹
2. The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their knowledge, skills, and abilities professional competence.
3. The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these *Standards* to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.
4. The following *Standards* have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. The spirit of the Standards is to encourage high quality learning with measurable objectives by providing baseline requirements. These *Standards* may also apply to other professionals by virtue of employment or membership. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.
5. Advances in technology, delivery and workplace arrangements may lead to innovative learning techniques. Learning theory is evolving to include more emphasis on outcome based learning. These *Standards* anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the *Standards*. CPE program sponsors are encouraged to consult with NASBA regarding questions related to compliance with the *Standards* when utilizing innovative techniques.
6. These *Standards* create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

¹ The term "CPAs" is used in these *Standards* to identify all persons who are licensed and/or regulated by boards of accountancy.

Article I - Definitions

Advanced. Program knowledge level most useful for individuals with mastery of the particular topic. This level focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. Advanced level programs are often appropriate for seasoned professionals within organizations; however, they may also be beneficial for other professionals with specialized knowledge in a subject area.

Asynchronous. A learning activity in which the participant has control over time, place and/or pace of learning.

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Blended learning program. An educational program incorporating multiple learning formats.

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

CPE credit hour. Fifty minutes of participation in a program of learning.

CPE program sponsor. The individual or organization responsible for issuing the certificate of completion, and maintaining the documentation required by these *Standards*. The term CPE program sponsor may include associations of CPAs, whether formal or informal, as well as employers who offer in-house programs.

Evaluative feedback. Specific response to incorrect answers to questions in self-study programs.

Group Internet based program. ~~Individual participation in Synchronous learning on an individual basis~~ with real time interaction of an instructor or subject matter expert and built-in processes for attendance and interactivity.

Group live program. Synchronous learning in a group environment with real time interaction of an instructor or subject matter expert that provides the required elements of attendance monitoring and engagement.

Group program. Any group live or group Internet based programs.

Independent study. An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

Instructional methods. Delivery strategies such as case studies, computer-assisted learning, lectures, group participation, programmed instruction, use of audiovisual aids, or work groups employed in group, self-study, or independent study programs or other innovative programs.

Intermediate. Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational and/or supervisory responsibilities.

Learning activity. An educational endeavor that maintains or improves professional competence.

Learning contract. A written contract signed by an independent study participant and a qualified CPE program sponsor prior to the commencement of the independent study.

Learning objectives. ~~Specifications on what~~ Outcomes that participants should accomplish in upon completion of a learning activity. Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

Nano-learning program. A tutorial program designed to permit a participant to learn a given subject in a ten-minute timeframe through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real time instructor. A nano-learning program differs from a self study program in that it is typically focused on a single learning objective and is not paper-based. A nano-learning program is not a group program. Nano-learning is not a substitute for comprehensive programs addressing complex issues.

Overview. Program knowledge level that provides a general review of a subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels.

Pilot test. A method to determine the recommended CPE credit for self study programs which involves sampling of at least three individuals independent of the development team and representative of the intended participants to measure the representative completion time.

Pre-program assessment. ~~Assessment~~ A method of measuring prior knowledge that is given before the participant has access to the course content of the program.

Professional competence. ~~Having requisite knowledge, skills, and abilities~~ technical competence, professional skills, values, ethics and attitudes to provide quality services as defined by the technical and ethical standards of the profession. The expertise needed to undertake professional responsibilities and to serve the public interest.

Program of learning. A collection of learning activities that are designed and intended as continuing education and that comply with these *Standards*.

Qualified Assessment. A Mmethod of measuring the achievement of a representative number of the learning objectives of the learning activity.

Reinforcement feedback. Specific responses to correct answers to questions in self-study programs.

Self study program. An educational program completed individually without the assistance or interaction of a real time instructor.

Social learning. Learning from one's peers in a community of practice through observation, modeling and application.

Synchronous. A group program in which Pparticipants engage simultaneously in learning activity(ies) at the same time.

Tutorial. A tutorial is a method of transferring knowledge that is more interactive and specific than a book, lecture or article. A tutorial seeks to teach by example and supply the information to complete a certain task.

Word count formula. A method, detailed under S17-05 Method 2, to determine the recommended CPE credit for self study programs that uses a formula including word count of learning material, number of questions and exercises, and duration of audio and video segments.

Update. Program knowledge level that provides a general review of new developments. This level is for participants with a background in the subject area who desire to keep current.

Article II – General Guidelines for CPAs

2.1 Professional Competence. All CPAs should participate in learning activities that maintain and/or improve their professional competence.²

Selection of learning activities should be a thoughtful, reflective process addressing the individual CPA's current and future professional plans, current knowledge and skills level, and desired or needed additional competence to meet future opportunities and/or professional responsibilities.

CPAs fields of employment do not limit the need for CPE. CPAs performing professional services need to have a broad range of ~~knowledge, skills, and abilities~~professional competence. Thus, the concept of professional competence may be interpreted broadly. Accordingly, acceptable continuing education encompasses programs contributing to the development and maintenance of professional skills.

The fields of study as published on NASBA's website, www.learningmarketnasbaregistry.org, represent the primary knowledge and skill areas needed by CPAs to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include: a self-assessment of the gap between current and needed ~~knowledge, skills, and abilities~~professional competence; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

2.2 CPE Compliance. CPAs must comply with all applicable CPE requirements.

CPAs are responsible for compliance with all applicable CPE requirements, rules, and regulations of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. CPAs should contact each appropriate entity to which they report to determine its specific requirements or any exceptions it may have to the standards presented herein.

Periodically, CPAs participate in learning activities which do not comply with all applicable CPE requirements, for example specialized industry programs offered through industry sponsors. If CPAs propose to claim credit for such learning activities, they must retain all relevant information regarding the program to provide documentation to state licensing bodies and/or all other professional organizations or bodies that the learning activity is equivalent to one which meets all these standards.

2.3 CPE Credits Record Documentation. CPAs are responsible for accurate reporting of the appropriate number of CPE credits earned and must retain appropriate documentation of their participation in learning activities.

² The terms "should" and "must" are intended to convey specific meanings within the context of this *Joint AICPA/NASBA Statement on Standards for Continuing Professional Education Programs*. The term "must" is used in the *Standards* applying to CPAs and CPE program sponsors to convey that CPAs and CPE program sponsors are not permitted any departure from those specific *Standards*. The term "should" is used in the *Standards* applying to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are encouraged to follow such *Standards* as written. The term "may" is used in the *Standards* applying to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are permitted to follow such *Standards* as written.

To protect the public interest, regulators require CPAs to document maintenance and enhancement of professional competence through periodic reporting of CPE. For convenience, measurement is expressed in CPE credits. However, the objective of CPE must always be maintenance/enhancement of professional competence, not attainment of credits. Compliance with regulatory and other requirements mandates that CPAs keep documentation of their participation in activities designed to maintain and/or improve professional competence. In the absence of legal or other requirements, a reasonable policy is to retain documentation for a minimum of five years from the end of the year in which the learning activities were completed.

Participants must document their claims of CPE credit. Examples of acceptable evidence of completion include:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano-learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No. 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

2.4 Reporting CPE Credits. CPAs who complete sponsored learning activities that maintain or improve their professional competence must claim no more than the CPE credits recommended by CPE program sponsors subject to the state board regulations.

CPAs may participate in a variety of sponsored learning activities. While CPE program sponsors determine credits, CPAs must claim credit only for activities through which they maintained or improved their professional competence. CPAs who participate in only part of a program must claim CPE credit only for the portion they attended or completed.

2.5 Independent Study. CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve their CPAs' professional competence.

Independent study is an educational process designed to permit a participant to learn a given subject under the guidance of a CPE program sponsor. Participants in an independent study program must:

- Enter into a written learning contract with a CPE program sponsor that must comply with the applicable standards for CPE program sponsors. A learning contract:
 1. Specifies the nature of the independent study program and the time frame over which it is to be completed, not to exceed 15 weeks.
 2. Specifies that the output must be in the form of (a) a written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor or (b) a written certification by the CPE program sponsor that the participant has demonstrated application of learning objectives through (i) successful completion of tasks or (ii) performance of a live demonstration, oral examination or presentation to a subject matter expert.
 3. Outlines the maximum CPE credit that will be awarded for the independent study program, but limits credit to actual time spent.
- Accept the written recommendation of the CPE program sponsor as to the number of credits to be earned upon successful completion of the proposed learning activities. CPE credits will be awarded

only if:

1. All the requirements of the independent study as outlined in the learning contract are met,
2. The CPE program sponsor reviews and signs the participant's report,
3. The CPE program sponsor reports to the participant the actual credits earned, and
4. The CPE program sponsor provides the participant with contact information.

The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

- Retain the necessary documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study.

Article III – Standards for CPE Program Sponsors

3.1 - General Standards

Standard -No. 1. CPE -program- sponsors -are responsible for compliance with all applicable Standards and other CPE requirements.

S1 - 01. CPE requirements of licensing bodies and others. CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and/or other professional organizations or bodies. Professional guidance for CPE program sponsors is available from NASBA; state-specific guidance is available from the state boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

3.2 - Standards for CPE Program Development

Standard No. 2. Sponsored learning activities must be based on relevant learning objectives and outcomes that clearly articulate the ~~knowledge, skills, and abilities~~ professional competence that should be achieved by participants in the learning activities.

S2 - 01. Program knowledge level. Learning activities provided by CPE program sponsors for the benefit of CPAs must specify the knowledge level, content, and learning objectives so that potential participants can determine if the learning activities ~~outcomes~~ are appropriate to their professional competence development needs. Knowledge levels consist of basic, intermediate, advanced, update, and overview.

Standard No. 3. CPE program sponsors must develop and execute learning activities in a manner consistent with the prerequisite education, experience, and/or advance preparation of participants.

S3 - 01. Prerequisite education and experience. To the extent it is possible to do so, CPE program sponsors should make every attempt to equate program content and level with the backgrounds of intended participants. All programs must clearly identify prerequisite education, experience, and/or advance preparation, if any, in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 4. CPE program sponsors must use activities, materials, and delivery systems that are current, technically accurate, and effectively designed. Course documentation must contain the most recent publication, revision or review date. Courses must be revised as soon as feasible following changes to relative codes, laws, rulings, decisions, interpretations, etc. Courses in subjects that undergo frequent changes must be reviewed by an individual with subject matter expertise at least once a year to verify the currency of the content. Other courses must be reviewed at least every two years.

S4 - 01. Developed by a subject matter expert. Learning activities must be developed by individuals or teams having expertise in the subject matter. Expertise may be demonstrated through practical experience and/or education.

Standard No. 5. CPE program sponsors of group, self-study, nano-learning, and/or blended learning programs must ensure learning activities are reviewed by qualified persons other than those who developed the programs to assure that the program is technically accurate and current and addresses the stated learning objectives. These reviews must occur before the first presentation of these materials and again after each significant revision of the CPE programs.

The participation of at least one licensed CPA (in good standing and holding an active license or its the equivalent of an active license) is required in the development of every program in accounting and auditing. The participation of at least one licensed CPA, tax attorney, or IRS enrolled agent (in good standing and holding an active license or its the equivalent of an active license) is required in the development of each program in the field of study of taxes. As long as this requirement is met at some point during the development process, a program would be in compliance. Whether to have this individual involved during the development or the review process is at the CPE program sponsor's discretion.

S5 - 01. Qualifications of reviewers. Individuals or teams qualified in the subject matter must review programs. When it is impractical to review certain programs in advance, such as lectures given only once, greater reliance should be placed on the recognized professional competence of the instructors or presenters. Using independent reviewing organizations familiar with these *Standards* may enhance quality assurance.

S5 - 02. Review responsibilities if content purchased from another entity. CPE program sponsors may purchase course content from other entities and developers. The organization that issues the certificate of completion under its name to the participants of the program is responsible for compliance with all *Standards* and other CPE requirements.

If a CPE program sponsor plans to issue certificates of completion under its name, then the CPE program sponsor must first consider whether the content was purchased from an entity registered with NASBA on the National Registry of CPE Sponsors.

- If the content is purchased from a sponsor registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor may maintain the author/developer and reviewer documentation from that sponsor in order to satisfy the content development requirements of the *Standards*. The documentation should be maintained as prescribed in Standard No. 24.
- If the content is purchased from an entity not registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor must independently review the purchased content to ensure compliance with the *Standards*. If the CPE program sponsor does not have the subject matter expertise on staff, then the CPE program sponsor must contract with a qualified individual to conduct the review. The CPE program sponsor must maintain the appropriate documentation regarding the credentials and experience of both the course author/developer(s) and reviewer(s) as prescribed in Standard No. 24.

Standard No. 6. CPE program sponsors of independent study learning activities must be qualified in the subject matter.

S6 - 01. Requirements of independent study sponsor. A CPE program sponsor of independent study learning activities must have expertise in the specific subject area related to the independent study. The CPE program sponsor must also:

- Review, evaluate, approve, and sign the proposed independent study learning contract, including agreeing in advance on the number of credits to be recommended upon successful completion.
- Evidence program completion by:
 - Reviewing and signing the written report developed by the participant in independent study.
 - Certifying in writing that the applicant has demonstrated application of learning objectives through successful completion of tasks.
 - Certifying in writing that the applicant has performed a live demonstration, oral examination or presentation to a subject matter expert.
- Retain the necessary documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study.

Standard No. 7. Group live programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning and include elements of

engagement within the program.

Whether a program is classified as group live or group internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group live examples include but are not limited to: classroom setting with a real time instructor; participants in a group setting calling in to a teleconference; and participants in a group setting watching a rebroadcast of a program with a real time subject matter expert facilitator.

S7 – 01. Required elements of engagement. Each credit of CPE in a group live program must include at least one element of engagement related to course content during each credit of CPE (for example: group discussion; polling questions; instructor-posed question with time for participant reflection; and/or use of a case study with different engagement elements throughout the program).

S7 – 02. Real time instructor during program presentation. Group live programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group live program is recorded for future presentation, it will continue to be considered a group live program only where a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group live program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

S7-03. No real time instructor during recorded program presentation. A group live program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group live program and will only be classified as a self study program if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group live program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 8. Group Internet based programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

Whether a program is classified as group live or group internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group internet based examples include but are not limited to: participation in a webcast individually; participating in a broadcast of a group live presentation on an individual basis; and participants calling in to a conference call on an individual basis.

S8 - 01. Real time instructor during program presentation. Group Internet based programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group Internet based program is recorded for future presentation, it will continue to be considered a group Internet based program only where a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group Internet based program, facilitated by a real time subject matter expert, will be equal to the CPE credit awarded to the original presentation.

S8 – 02. No real time instructor during recorded program presentation. A group Internet based program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group Internet based program and will only be classified as a self study program if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group Internet based program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 9. Self study programs must use instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

S9 - 01. Guide participant through a program of learning. To guide participants through a program of learning, CPE program sponsors of self-study programs must elicit participant responses to test for understanding of the material. Appropriate feedback must be provided. Satisfactory completion of the program must be confirmed during or after the program through a qualified assessment.

S9 - 02. Use of review questions or other content reinforcement tools. Review questions must be placed at the end of each learning activity throughout the program in sufficient intervals to allow the participant the opportunity to evaluate the material that needs to be re-studied. If objective type questions are used, at least three review questions per CPE credit must be included or two review questions if the program is marketed for one-half CPE credits. Simulations and other innovative tools that guide participants through structured decisions can be used in lieu of review questions.

After the first full credit and the minimum of three review questions, additional review questions are required based on the additional credit measurement amount of the program as follows:

Additional Credit:	Additional Review Questions:
0.2	0
0.4	1
0.5	2
0.6	2
0.8	3
Next full credit or 1.0	3

S9 - 03. Evaluative and reinforcement feedback on review questions. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong and reinforcement feedback must be provided for correct responses even when the minimum number of review questions requirement has otherwise been exceeded. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Simulations and other innovative tools that guide participants through structured decisions could provide feedback at irregular intervals or at the end of the learning experience. In those situations, single feedback would be permissible. True/false questions or other review questions that do not meet the evaluative and reinforcement feedback requirements are allowed as review questions other than when using the multiple choice method. ~~but~~ Noncompliant questions are not included in the number of review questions required per CPE credit. Forced choice questions, when used as part of an overall learning strategy, are allowed as review questions and can be counted in the number of review questions required per CPE credit. There is no minimum passing rate required for review questions.

S9 - 04. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of self-study programs must require participants to successfully complete a qualified assessment during or after the program with a cumulative minimum-passing grade of at least 70 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple-choice, essay, and simulations). At least five questions/scored responses per CPE credit must be included on the qualified assessment or three assessment questions/scored responses if the program is marketed for one-half CPE credits. For example, the qualified assessment for a five-credit course must include at least 25 questions/scored responses. Alternatively, a five and one-half credit course must include at least 28 questions/scored responses. Except in courses where recall of information is the learning strategy, duplicate review and qualified assessment questions are not allowed. True/false questions are not permissible on the qualified assessment.

After the first full credit and the minimum of five questions/scored responses per CPE credit, additional qualified assessment questions/scored responses are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Questions/Scored Responses:</u>
0.2	1
0.4	2
0.5	3
0.6	3
0.8	4
Next full credit or 1.0	5

If a pre-program assessment is used in the course, then the pre-program assessment cannot be included in the determination of the recommended CPE credits for the course. If a pre-program assessment is used and feedback is provided, then duplicate pre-program assessment and qualified assessment questions are not permitted. If a pre-program assessment is used and feedback is not provided, then duplicate pre-program assessment and qualified assessment questions are permissible. Feedback may comply with the feedback for review questions as described in S9-03, or take the form of identifying correct and incorrect answers.

A qualified assessment must measure a representative number of the learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program. The representative number of the learning objectives can be less than 75 percent of the learning objectives for the program only if a randomized question generator is used and the test bank used in the creation of the assessment includes at least 75 percent of the learning objectives for the program. Assessment items must be written to test the stated learning objectives of the course.

S9 – 05. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and:

Utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size to minimize overlap of questions on the qualified assessment for the typical repeat test-taker. Feedback may comply with the feedback for review questions as described in S9 – 03, or take the form of identifying correct and incorrect answers.

Does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then:

- on a failed assessment, the CPE program sponsor may not provide feedback to the test-taker.
- on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback for review questions as described in S9-03, or take the form of identifying correct and incorrect answers.

S9 – 06. Program/course expiration date. Course documentation must include an expiration date (the time by which the participant must complete the qualified assessment). For individual courses, the expiration date is no longer than one year from the date of purchase or enrollment. For a series of courses to achieve an integrated learning plan, the expiration date may be longer.

S9 – 07. Based on materials developed for instructional use. Self study programs must be based on materials specifically developed for instructional use and not on third party materials. Self study programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by a test will not be acceptable. However, the use of the publications and reference materials in self-study programs as supplements to the instructional materials could qualify if the self study program complies with each of the CPE standards.

Instructional materials for self study include teaching materials which are written for instructional educational purposes. These materials must demonstrate the expertise of the author(s). At a minimum,

instructional materials must include the following items:

1. An overview of topics;
2. The ability to find information quickly (for example, an index, a detailed menu or key word search function);
3. The definition of key terms (for example, a glossary or a search function that takes a participant to the definition of a key word);
4. Instructions to participants regarding navigation through the course, course components, and course completion;
5. Review questions with feedback; and
6. Qualified assessment.

Standard No. 10. Nano-learning programs must use instructional methods that clearly define a minimum of one learning objective, guide the participant through a program of learning and provide evidence of a participant's satisfactory completion of the program. Satisfactory completion of the program must be confirmed at the conclusion of the program through a qualified assessment.

S10 – 01. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of nano-learning programs must require participants to successfully complete a qualified assessment with a passing grade of 100 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, rank order, and matching). Only two questions must be included on the qualified assessment. True/false questions are not permissible on the qualified assessment. If the participant fails the qualified assessment, then the participant must re-take the nano-learning program. The number of re-takes permitted a participant is at the sponsor's discretion.

S10 – 02. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and:

Utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size for no overlap of questions on the qualified assessment for the typical repeat test-taker. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Feedback may also take the form of identifying correct and incorrect answers.

Does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then:

- on a failed assessment, the CPE program sponsor may not provide feedback to the test-taker.
- on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback described in the preceding paragraph or take the form of identifying correct and incorrect answers.

S10 – 03. Program/course expiration date. Course documentation must include an expiration date. The expiration date is no longer than one year from the date of purchase or enrollment.

S10 – 04. Based on materials developed for instructional use. Nano-learning programs must be based on materials specifically developed for instructional use and not on third party materials. Nano-learning programs requiring only the reading of general professional literature, IRS publications or reference manuals followed by an assessment will not be acceptable.

Acceptable instructional materials for a nano-learning program include intentional, engaged learning activities developed for focused content delivery. Nano-learning programs may incorporate techniques such as visuals, slide reinforcements, role play, demonstrations, or use of a white board. The intent of a nano-learning program is to transfer knowledge that is interactive – seeking to teach by example, to supply information to complete a certain task or computation, or to problem-solve or make decisions through role play or demonstration. At a minimum, nano-learning programs must include the following items:

1. The learning objective(s) of the program;

2. Any instructions that participants need to navigate through the program; and
3. A qualified assessment.

Standard No. 11. Blended learning programs must use instructional methods that clearly define learning objectives and guide the participant through a program of learning. Pre-program, post-program and/or homework assignments should enhance the learning program experience and must relate to the defined learning objectives of the program.

S11 – 01. Guide participant through a program of learning. The blended learning program includes different learning or instructional methods (for example, lectures, discussion, guided practice, reading, games, case study, simulation); different delivery methods (group live, group Internet based, nano-learning or self study); different scheduling (synchronous or asynchronous); or different levels of guidance (for example, individual, instructor or subject matter expert led, or group/social learning). To guide participants through the learning process, CPE program sponsors must provide clear instructions/information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must document the process/components of the course progression and completion of components by the participants.

S11 – 02. Primary component of blended learning program is a group program. If the primary component of the blended learning program is a group program, then CPE credits for pre-program, post-program and/or homework assignments cannot constitute more than 25 percent of the total CPE credits available for the blended learning program.

S11 – 03. Primary component of blended learning program is an asynchronous learning activity. If the primary component of the blended learning program is an asynchronous learning activity, then ~~the group program component of the~~ blended learning program must incorporate a qualified assessment in which participants demonstrate achievement of the learning objectives of the program.

S11 – 0403.1. Qualified assessment requirements. A qualified assessment must measure a representative number of learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program.

3.3 - Standards for CPE Program Presentation

Standard No. 12. CPE program sponsors must provide descriptive materials that enable CPAs to assess the appropriateness of learning activities. For CPE program sponsors whose courses are developed for sale and/or for external audiences (i.e., not internal training), CPE program sponsors must make the following information available in advance:

- Learning objectives.
- Instructional delivery methods.
- Recommended CPE credit and recommended field of study.
- Prerequisites.
- Program level.
- Advance preparation.
- Program description.
- Course registration and, where applicable, attendance requirements.
- Refund policy for courses sold for a fee/cancellation policy.
- Complaint resolution policy.
- Official NASBA sponsor statement, if an approved NASBA sponsor (explaining final authority of acceptance of CPE credits).

For CPE program sponsors whose courses are purchased or developed for internal training only, CPE program sponsors must make the following information available in advance:

- Learning objectives.

- **Instructional delivery methods.**
- **Recommended CPE credit and recommended field of study.**
- **Prerequisites.**
- **Advance preparation.**
- **Program level (for optional internal courses only).**
- **Program description (for optional internal course only).**

S12 – 01. Disclose significant features of program in advance. For potential participants to effectively plan their CPE, the program sponsor must disclose the significant features of the program in advance (e.g., through the use of brochures, website, electronic notices, invitations, direct mail, or other announcements). When CPE programs are offered in conjunction with non-educational activities, or when several CPE programs are offered concurrently, participants must receive an appropriate schedule of events indicating those components that are recommended for CPE credit. The CPE program sponsor's registration and attendance policies and procedures must be formalized, published, and made available to participants and include refund/cancellation policies as well as complaint resolution policies.

S12 – 02. Disclose advance preparation and/or prerequisites. CPE program sponsors must distribute program materials in a timely manner and encourage participants to complete any advance preparation requirements. All programs must clearly identify prerequisite education, experience, and/or advance preparation requirements, if any, in the descriptive materials. Prerequisites, if any, must be written in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 13. CPE program sponsors must ensure instructors are qualified with respect to both program content and instructional methods used.

S13 – 01. Qualifications of instructors. Instructors are key ingredients in the learning process for any group or blended learning program. Therefore, it is imperative that CPE program sponsors exercise great care in selecting qualified instructors for all group or blended learning programs. Qualified instructors are those who are capable, through training, education, or experience of communicating effectively and providing an environment conducive to learning. They must be competent and current in the subject matter, skilled in the use of the appropriate instructional methods and technology, strive to engage participants and prepared in advance.

S13 - 02. Evaluation of instructor's performance. CPE program sponsors should evaluate the instructor's performance at the conclusion of each program to determine the instructor's suitability to serve in the future.

Standard No. 14. CPE program sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

S14 - 01. Required elements of evaluation. The objectives of evaluation are to assess participant and instructor satisfaction with specific programs and to increase subsequent program effectiveness. Evaluations, whether written or electronic, must be solicited from participants and instructors for each program session, including self study and nano-learning programs, to determine, among other things, whether:

- Stated learning objectives were met.
- Stated prerequisite requirements were appropriate and sufficient.
- Program materials, including the qualified assessment, if any, were relevant and contributed to the achievement of the learning objectives.
- Time allotted to the learning activity was appropriate.
- Individual instructors were effective. (Note: This topic does not need to be included in evaluations for self study and nano-learning programs.)

If the instructor is actively involved in the development of the program materials, then it is not necessary to solicit

an evaluation from the instructor.

S14 - 02. Evaluation results. CPE program sponsors must periodically review evaluation results to assess program effectiveness and should inform developers and instructors of evaluation results.

Standard No. 15. CPE program sponsors must ensure instructional methods employed are appropriate for the learning activities.

S15 - 01. Assess instructional method in context of program presentation. CPE program sponsors must assess the instructional methods employed for the learning activities to determine if the delivery is appropriate and effective.

S15 - 02. Facilities and technology appropriateness. Learning activities must be presented in a manner consistent with the descriptive and technical materials provided. Integral aspects in the learning environment that should be carefully monitored include the number of participants and the facilities and technologies employed in the delivery of the learning activity.

3.4 - Standards for CPE Program Measurement

Standard No. 16. Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend ~~one-fifth (0.20 credit equal to 40-minute period) and one-half (0.50 credit equal to 25-minute period)~~ CPE credits under the following scenarios:

- Group programs, independent study and blended learning programs – A minimum of one full credit must be awarded initially, but after the first credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, etc.).
- Self study – ~~one-half increments (equal to 25 minutes) are permitted~~ A minimum of one-half credit must be awarded initially but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, etc.).
- Nano-learning – ~~one-fifth increments (equal to 10 minutes) are permitted~~ Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano-learning programs.

Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit, at their discretion and as appropriate for the instructional delivery method; however, the CPA claiming CPE credits should refer to respective state board requirements regarding acceptability of one-fifth and one-half CPE credits.

Only learning content portions of programs (including pre-program, post-program and/or homework assignments when incorporated into a blended learning program) qualify toward eligible credit amounts. Time for activities outside of actual learning content including, for example, excessive welcome and introductions, housekeeping instructions, and breaks is not accepted toward credit.

S16 - 01. Learning activities with individual segments. For learning activities in which individual segments are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute presentations would equal 150 minutes and would be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted must be rounded down to the nearest ~~one-fifth credit, if one-fifth credits are awarded~~ credit basis depending on the instructional delivery method of the program. For example, a group live program must be rounded down to the nearest one-fifth, one-half or whole credit. Thus, learning activities with segments totaling 140 minutes would be granted two and four-fifths CPE credits if using one-fifth increments and two and one-half credits if using one-half increments.

For learning activities in which segments are classified in multiple fields of study, the CPE credits granted

should first be computed based on the content time of the total program. Next, the CPE credits granted should be allocated to the fields of study based on the field of study content time. If the sum of the individual segments by field of study content time does not equal the CPE credits computed based on the content time for the total program, then the difference (positive or negative) should be allocated to the primary field of study for the program.

S16 – 02. Responsibility to monitor attendance. While it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must maintain a process to monitor individual attendance at group programs to assign the correct number of CPE credits. A participant's self-certification of attendance alone is not sufficient.

S16 – 03. Monitoring mechanism for group Internet based programs. In addition to meeting all other applicable group program standards and requirements, group Internet based programs must employ some type of real time monitoring mechanism to verify that participants are participating during the duration of the course. The monitoring mechanism must be of sufficient frequency and lack predictability to provide assurance that participants have been engaged throughout the program. The monitoring mechanism must employ at least three instances of interactivity completed by the participant per CPE credit. CPE program sponsors should verify with respective state boards on specific interactivity requirements.

S16 – 04. Small group viewing of group Internet based programs. In situations where small groups view a group Internet based program such that one person logs into the program and asks questions on behalf of the group, documentation of attendance is required in order to award CPE credits to the group of participants. Participation in the group must be documented and verified by the small group facilitator or administrator in order to authenticate attendance for program duration.

S16 – 05. University or college credit course. For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

- Semester System 15 credits
- Quarter System 10 credits

S16 – 06. University or college non-credit course. For university or college non-credit courses that meet these CPE standards, CPE credit shall be awarded only for the actual classroom time spent in the non-credit course.

S16 – 07. Participant preparation time. Credit is not granted to participants for preparation time, unless the program meets the criteria for blended learning in Standard No. 11.

S16 – 08. Committee or staff meetings qualification for CPE credits. Only the portions of committee or staff meetings that are designed as programs of learning and comply with these *Standards* qualify for CPE credit.

Standard No. 17 CPE credit for self study learning activities must be based on one of the following educationally sound and defensible methods:

Method 1: Pilot test of the representative completion time.

Method 2: Computation using the prescribed word count formula.

If a pre-program assessment is used, the pre-program assessment is not included in the CPE credit computation.

S17 – 01. Method 1 - Sample group of pilot testers. A sample of intended professional participants must be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group must consist of at least three qualified individuals who are independent of the program development group.

- For those courses whose target audience includes CPAs, the sample group must be licensed CPAs

in good standing, holding an active license or ~~its~~the equivalent of an active license and possess the appropriate level of knowledge before taking the program.

- For those sponsors who are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs, those courses do not have to be pilot tested by licensed CPAs.
- For those courses whose target audience includes CPAs and non-CPAs, the sample group must be representative of the target audience and contain both CPAs, as defined above, and non-CPAs.

S17 – 02. Method 1 – CPE credit based on representative completion time. The sample does not have to ensure statistical validity; however, if the results of pilot testing are inconsistent, then the sample must be expanded or, if the inconsistent results are outliers, the inconsistent results must be eliminated. CPE credit must be recommended based on the representative completion time for the sample. Completion time includes the time spent taking the final examination and does not include the time spent completing the course evaluation or pre-program assessment. Pilot testers must not be informed about the length of time the program is expected to take to complete. If substantive changes are subsequently made to program materials whether in one year or over a period of years, further pilot tests of the revised program materials must be conducted to affirm or amend, as appropriate, the representative completion time.

S17 – 03. Method 1 – Requirement for re-pilot testing. If, subsequent to course release, actual participant completion time warrants a change in CPE credit hours, re-pilot testing is required to substantiate a change in CPE credit prospectively.

S17 – 04. Method 1 – Pilot testing when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where pilot tests were conducted and provided, CPE program sponsors must review results of the course developer's pilot test results to ensure that the results are appropriate. For purchased courses where no pilot tests were conducted or provided, CPE program sponsors must conduct pilot testing or perform the word count formula as prescribed in Method 2.

S17 – 05. Method 2 – Basis for prescribed word count formula. The prescribed word count formula begins with a word count of the number of words contained in the text of the required reading of the self study program and should exclude any material not critical to the achievement of the stated learning objectives for the program. Examples of information material that are not critical and therefore excluded from the word count are: course introduction; instructions to the participant; author/course developer biographies; table of contents; glossary; pre-program assessment; and appendices containing supplementary reference materials.

Again, only course content text that is critical to the achievement of stated learning objectives should be included in the word count formula. If an author/course developer determines, for example, that including the entire accounting rule or tax regulation is beneficial to the participant, the accounting rule or tax regulation should be included as an appendix to the course as supplementary reference material and excluded from the word count formula. Only pertinent paragraphs or sections of the accounting rule or tax regulation required for the achievement of stated learning objectives should be included in the actual text of the course and therefore included in the word count formula.

Review questions, exercises and qualified assessment questions are considered separately in the calculation and should not be included in the word count.

S17 – 06. Method 2 – Calculation of CPE credit using the prescribed word count formula. The word count for the text of the required reading of the program is divided by 180, the average reading speed of adults. The total number of review questions (including those above the minimum requirements), exercises and qualified assessment questions is multiplied by 1.85, which is the estimated average completion time per question. These two numbers plus actual audio/video duration time (not narration of the text), if any, are then added together and the result divided by 50 to calculate the CPE credit for the self study program. When the total minutes of a self study program are not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit, one-fifth credit or whole credit using the guidelines of

Standard 16.

$$[(\# \text{ of words}/180) + \text{actual audio/video duration time} + (\# \text{ of questions} * 1.85)] / 50 = \text{CPE credit}$$

S17 – 07. Method 2 – Consideration of audio and video segments in word count formula. If audio and video segments of a self study program constitute additional learning for the participant (i.e., not narration of the text), then the actual audio/video duration time may be added to the time calculation as provided in the prescribed word count formula. If the entire self study program constitutes a video, then the prescribed word count formula in S17 – 06 would consist of the actual video time plus the total number of review questions (including those above the minimum requirements), exercises and qualified assessment questions multiplied by 1.85 divided by 50 (i.e., there would be no word count for text used in the formula).

$$[\text{actual audio/video duration time} + (\# \text{ of questions} * 1.85)] / 50 = \text{CPE credit}$$

S17 – 08. Method 2 – Word count formula when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where the word count formula was calculated, CPE program sponsors must review the results of the course developer's word count formula calculation to ensure that results are appropriate. For purchased courses where the word count formula calculation was not performed or provided, CPE program sponsors must perform the word count formula calculation or conduct pilot testing as described in Method 1.

Standard No. 18. CPE credit for nano-learning programs must be based on duration of the program plus the qualified assessment, which when combined should be a minimum of 10 minutes. However, one-fifth (0.20 credit) CPE credit is the maximum credit to be awarded for a single nano-learning program.

Standard No. 19. CPE credit for blended learning programs must equal the sum of the CPE credit determinations for the various completed components of the program. CPE credits could be determined by actual duration time (for example, audio/video duration time or learning content delivery time in a group program) or by a pilot test of the representative completion time as prescribed in S17-01 or word count formula as prescribed in S17-06 (for example, reading, games, case studies, simulations).

Standard No. 20. Instructors, discussion leaders or technical reviewers of learning activities may receive CPE credit for their preparation/review and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these Standards.

S20 – 01. Instructor CPE credit parameters. Instructors, discussion leaders, or speakers who present a learning activity for the first time may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation, subject to regulations and maximums established by the state boards. For example, for learning activities in which participants could receive 8 CPE credits, instructors may receive up to 24 CPE credits (16 for preparation plus 8 for presentation). For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

S20 – 02. Presenting a program. The CPA claiming CPE credits should refer to respective state board requirements.

S20 – 03. Technical reviewer CPE credit parameters. Technical reviewers who review a learning activity for the first time may receive CPE credit for actual review time up to the actual number of CPE credits for the program, subject to regulations and maximums established by state boards. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

Standard No. 21. Writers of published articles, books, or CPE programs may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence.

S21 – 01. Requirement for review from independent party. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. For the writer to receive CPE credit, the article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication.

S21 – 02. Authoring a program. As a general rule, receiving CPE credits for authoring and presenting the same program should not be allowed. The CPA claiming CPE credits should refer to respective state board requirements.

Standard No. 22. CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

S22 – 01. CPE credits agreed to in advance. The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

3.5 - Standards for CPE Program Reporting

Standard No. 23. CPE program sponsors must provide program participants at or within 30 days—after the conclusion of the program with documentation (electronic or paper) of their participation (certificate of completion), which includes the following:

- CPE program sponsor name and contact information.
- Participant's name.
- Course title.
- Course field of study.
- Date offered or completed.
- If applicable, location.
- Type of instructional/delivery method used.
- Amount of CPE credit recommended.
- Verification by CPE program sponsor representative.
- Sponsor identification number or registration number, if required by the state boards.
- NASBA time statement stating that CPE credits have been granted on a 50-minute hour.
- Any other statements required by state boards.

S23 – 01. Entity to award CPE credits and acceptable documentation. The CPE program sponsor is the individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by these *Standards*. The entity whose name appears on the certificate of completion is responsible for validating the CPE credits claimed by a participant. CPE program sponsors must provide participants with documentation (electronic or paper) to support their claims of CPE credit. Acceptable evidence of completion includes:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano-learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction or technical review credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of

the university or college.

- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

S23-02. Certificate issuance for simultaneous delivery of a group live and group internet based program. In circumstances where the CPE program sponsor is providing simultaneous delivery of a group live and group Internet based program, the CPE program sponsor, at its discretion, may issue the certificate of completion to all program participants by awarding CPE credits under the instructional delivery method attended by the majority of the participants. The delivery and attendance monitoring requirements of the respective instructional delivery methods still apply.

Standard No. 24. CPE program sponsors must retain adequate documentation (electronic or paper) for a minimum of five years to support their compliance with these standards and the reports that may be required of participants.

S24 – 01. Required documentation elements. Evidence of compliance with responsibilities set forth under these standards which is to be retained by CPE program sponsors includes, but is not limited to:

- Records of participation.
- Dates and locations.
- Author/instructor, author/developer and reviewer, as applicable, names and credentials. For the CPA and tax attorney acting as an author/instructor, author/developer and reviewer for accounting, auditing or tax program(s), the state of licensure, license number and status of license should be maintained. For the enrolled agent acting in such capacity for tax program(s), information regarding the enrolled agent number should be maintained.
- Number of CPE credits earned by participants.
- Results of program evaluations.
- Program descriptive materials (course announcement information).

Information to be retained by CPE program sponsors includes copies of program materials, evidence that the program materials were developed and reviewed by qualified parties, and a record of how CPE credits were determined.

S24 – 02. Maintenance of documentation as basis for CPE credit for self study programs. For CPE program sponsors using Method 1 (pilot tests) as the basis for CPE credit for self study programs, appropriate pilot test records must be retained regarding the following:

- When the pilot test was conducted.
- The intended participant population.
- How the sample of pilot testers was selected.
- Names and credentials and relevant experience of sample pilot test participants.
- For CPA pilot testers, the state of licensure, license number and status of license should be maintained.
- A summary of pilot test participants' actual completion time.
- Statement from each pilot tester to confirm that the pilot tester is independent from the course development group and that the pilot tester was not informed in advance of the expected completion time.

For CPE program sponsors using Method 2 (word count formula) as the basis for CPE credit for self study programs, the word count formula calculation as well as the supporting documentation for the data used in the word count formula (e.g., word count; number of review questions, exercises and final examination questions; duration of audio and/or video segments, if applicable; and actual calculation) must be retained.

S24 – 03. Maintenance of documentation of element of engagement for group live programs. In addition to the requirements in S24-01, group live CPE program sponsors must retain the program outline, agenda or speaker notes that evidences the element of engagement related to course content during each credit of CPE planned for the group live program.

S24 – 04. Maintenance of documentation of instructions/information to participants regarding the components comprising a blended learning program. In addition to the requirements in S24-01, blended learning CPE program sponsors must retain clear instructions/information that summarizes the different components of the blended learning program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must also retain documentation of the course progression and what CPE credits were earned by participants upon the completion of the components.

Effective dates:

Unless otherwise established by state licensing bodies and/or other professional organizations, these Standards are to be effective upon Board approval ~~except as follows:~~

- September 1, 2016 for all newly created programs
 - For all other current programs, the *Standards* must be implemented at the next CPE program review/revision date
- ~~1. For group live programs, instances of engagement per S7-01 must be incorporated during the next CPE program review/revision date.~~

National Association of State Boards of Accountancy, Inc.
Meeting of the Board of Directors
October 23, 2015 – Marriott Laguna Cliffs Resort, Dana Point, CA

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 Walter C. Davenport (NC) at 9:00 a.m. on Friday, October 23, 2015 at the Marriott Laguna Cliffs Resort in Dana Point, CA.

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
E. Kent Smoll, CPA (KS), Treasurer
Laurie J. Tish, CPA (WA), Secretary

Directors-at-Large

A. Carlos Barrera, CPA (TX)
Jimmy E. Burkes, CPA (MS)
Janice L. Gray, CPA (OK)
Raymond N. Johnson, CPA (OR)
Telford A. Lodden, CPA (IA)
Harry O. Parsons, CPA (NV)
Richard N. Reisig, CPA (MT)

Regional Directors

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

Executive Directors Committee Liaison

Russ Friedewald (IL) – Executive Directors Committee Liaison

Member Absent

Robert J. Cochran, CPA (VA), Middle Atlantic Regional Director

Guests

Tyrone E. Dickerson, CPA (VA), Director-at-Large nominee
Sharon A. Jensen, CPA (WI), Central Regional Director nominee
Stephanie S. Saunders, CPA (VA), Middle Atlantic Director nominee
James Corley, CPA (AR) – Executive Directors Committee Liaison 2015-16
Richard Isserman, CPA (NY) – Audit Committee Chair

Staff

Ken L. Bishop, President and Chief Executive Officer
Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Ed Barnicott, Vice President -Strategic Planning and Program Management
Louise Dratler Haberman, Vice President - Information and Research
Thomas G. Kenny, Director - Communications
Noel L. Allen, Esq., Outside Legal Counsel

Introductions

Chair Davenport welcomed and congratulated James Corley (AR), Sharon Jensen (WI) and Stephanie Saunders (VA) on their anticipated joining of the NASBA Board and asked them to briefly describe their background to the Board. He congratulated Tyrone Dickerson (VA) on his rejoining the Board.

Approval of Minutes Secretary Laurie Tish (WA) presented the minutes of the Board of Directors' July 2015 meeting and moved for their approval. Harry Parsons (NV) seconded and the minutes were unanimously approved as presented.

Chair's Report

Chair Davenport reported he and President Bishop had met with South African Institute of Chartered Accountants Chief Executive Officer Terence Nomembe in New York and Nashville to discuss recognition of South African chartered accountants. They and IQAB Chair Telford Lodden (IA) had also met with Chartered Accountants Ireland CEO Pat Costello and staff in Dublin to consider how to be able to renew their mutual recognition agreement. Chair Davenport also reported he had attended and spoke at the October 2015 AICPA Council meeting. Details of that meeting would be discussed later during the NASBA Board's meeting.

President's Report

President and CEO Bishop and Executive Vice President and COO Colleen Conrad reported on staff activities and learn, and President Bishop's visit to the Guam Testing Center. He stated that the renovation of NASBA's offices was to begin shortly and thanked Senior Vice President and Chief Financial Officer Michael Bryant and Facilities Manager Mary Lane for their coordination of the project.

The NASBA executives had attended many meetings and made many presentations during the last quarter. Mr. Bishop highlighted several interactions with such organizations as the Accountants Coalition, National Society of Accountants, National Association of Black Accountants, Ph.D. Project, Federation of Associations of Regulatory Boards' CEO Summit, and AICPA Fall Council.

Trending issues discussed at the NASBA/AICPA leadership summit in August included: education accreditation, experience requirements, practice analysis and test administration, the strategic planning update, UAA language for retired/inactive CPAs, and joint enforcement initiatives. President Bishop said it had been pointed out at the summit how different the U.S. CPA experience requirement is from other countries'.

An increasing number of Boards are inviting NASBA representatives to come to speak with them and for NASBA to provide services. Vice President of State Board Relations Dan Dustin has been visiting many Boards in the past few months, and some are requesting he schedule annual presentations to them, Ms. Conrad said.

Conversations continue on making enforcement efforts more collaborative, Ms. Conrad said. She noted that the Department of Labor is to send complaint information directly to the Boards of Accountancy, not just to the AICPA, Ms. Conrad said. Procedures are being put in place to ensure the Boards are getting what the DOL is sending. A firm would need to sign a form that would enable the DOL to share the content of its inspection files.

The AICPA's October Council vote to allow non-CPAs to become CGMAs will be discussed by President Bishop in his report to the Annual Business Meeting. He is uncertain that AICPA members understand the proposed reorganization of AICPA, but he will not focus on that issue. He will point out the potential impact on the CPA candidate pipeline if students decide to opt for the CGMA instead of the CPA and will also focus on regulatory issues, including concerns regarding non-CPAs' use of a potentially confusing credential.

All NASBA's business units are doing well, Executive Vice President Conrad reported. A new advisory evaluation service is being offered jointly by NIES and CPAES to help candidates who have partially completed the CPA education requirement determine what more they need. The CPE Registry Summit was held in September and well received. Ms. Conrad said the Registry now includes almost 2,150 sponsors. Fifty Boards are now participating in ALD. Other potential services that NASBA may be offering were outlined by President Bishop.

NASBA's IT projects were described by Ms. Conrad. Eight Boards are now live on CPE Audit and 13 others have expressed specific interest. In anticipation of continued widespread adoption, implementations are currently on hold as significant updates and improvements are being made to the system.

Vice President's Report

Vice Chair Donny Burkett (SC) congratulated Alfonzo Alexander and Ryan Hirsch for their work in developing the NASBA Center for the Public Trust. He also thanked the NASBA Board for their support of this project and the NASBA staff for their help in planning the 2015-16 committees and hoped those appointed would be happy with their assignments.

Mr. Burkett said he is looking forward to active and successful 2015-16 Board meetings and he announced their locations (Florida, California, South Dakota and Texas) and the locations of the Regional Meetings (Colorado and North Carolina). He pointed out that the Eastern Regional Meeting will be held Tuesday through Friday, rather than the usual Sunday through Wednesday, and asked all to plan accordingly. He believes these will be good meeting locations and hopes to get a lot accomplished.

Report from Strategic Planning Committee

NASBA Vice President – Strategic Planning and Program Management Ed Barnicott distributed copies of the 2016-2019 NASBA Strategic Plan and reviewed its elements with the Board members. He reported the plan had been developed by a task force composed of four members of the Board of Directors, two State Board executive directors, four sitting State Board members and four NASBA staff members. Mr. Barnicott had facilitated their discussions. The group had met June 2-4, 2015 and then had a final web meeting on October 8. They considered responses to a regulatory issues survey that had been completed by many State Boards, as well as representatives of the profession. Ultimately the Committee arrived at 12 priority items, three of which were new to the current strategic plan, and added action clauses,

On a motion by E. Kent Smoll (KS), seconded by J. Coalter Baker (TX), the proposed Strategic Plan was unanimously accepted with one editorial correction.

Report of the Administration and Finance Committee

Treasurer Smoll presented a summary of the financial results for fiscal year 2015 and highlighted the significant year-over-year increase in mission-related expenditures on behalf of Boards of Accountancy. In addition, Mr. Smoll reported on the prior day's investment committee meeting and the most recent month-end's allocation of the long-term investments. Mr. Smoll then discussed the proposed investment policy changes that the Administration and Finance Committee was recommending to the Board for approval. On a motion by Mr. Smoll, seconded by Jimmy Burkes (MS), the Board approved the proposed changes.

Report of the Audit Committee

Audit Committee Chair Richard Isserman (NY) summarized the Audit Committee's actions during the year. At their year-end meeting, the Committee accepted the auditor's opinion and the audited financial statements and subsequently recommended to the Executive Committee of the Board of Directors the inclusion of those items in the organization's annual report. As the Executive Committee had voted to accept the recommendation on September 17, 2015, Treasurer Smoll made a motion to ratify the Executive Committee's actions. The motion was seconded by Harry Parsons (NV) and passed unanimously. In a similar manner, Mr. Isserman reported that the Audit Committee's recommendation to reappoint the independent auditors, LBMC, PC, was approved by the Executive Committee at the September 17 meeting. On a motion by Treasurer Smoll and seconded by Raymond Johnson (OR), the Executive Committee's approval of the reappointment was ratified by the Board.

Report of the Regulatory Response Committee

Regulatory Response Committee Chair Fritz distributed copies of the NASBA response to FASB Topic 958 and asked the Board members to present any fatal flaw comments to him. [The letter was submitted to the FASB on July 20, 2015.] Other NASBA responses issued during the quarter were included in the Board's agenda materials.

Report of the Executive Directors Committee

Executive Directors Committee Chair Russ Friedewald (IL) thanked the Board for having given him the opportunity to work with them and to be part of the Strategic Planning Task Force. He expressed his confidence in James Corley (AR) serving as the Executive Directors Liaison to the Board 2015- 2016.

Report of the CBT Administration Committee

The Board went into a closed executive session to discuss executive compensation. The Board of Directors in executive session ratified certain Executive Committee recommendations related to confidential (personnel) matters.

Report of the Bylaws Committee

CBT Administration Committee Chair Rick Reisig (MT) reported the exposure draft on the Uniform CPA Examination had been discussed by the Committee, and their comments had been included in NASBA's comment letter to the Board of Examiners. They were pleased that administrative issues which need to be decided by the Boards of Accountancy were not included in the exposure draft. The Boards are being asked to consider setting up mechanisms in anticipation of an influx of candidates prior to the launch of the next version of the Examination. Mr. Reisig said the Committee has worked with Director of Client Services Patricia Hartman to alert Boards

regarding possible window extensions and to encourage Boards to begin reviewing "testing window" definitions in their rules. He reported the CBT Administration Committee will be working with the Uniform Accountancy Act Committee to develop standard language for the Model Rules to propose to the State Boards. Such language will allow more flexibility in window lengths and other administrative logistics pertaining to the Uniform Examination. Mr. Reisig also stressed the importance of Boards being uniform in their adoption of such changes so as not to damage interstate mobility, and the need to be thoughtful on how these issues are discussed. He will tee up the issues for the Boards during his Annual Meeting presentation. Some administrative changes will be publicly announced in early 2016, and others in April when the next version of the CPA Examination is finalized and publicly announced, Executive Vice President Conrad said.

Report of the Uniform Accountancy Act Committee

UAA Committee Chair Coalter Baker (TX) asked the Board to approve for exposure for a 90-day period changes to UAA Section 6(d) and Model Rules 6-7(b)-(g). Mr. Baker explained that the UAA currently does not allow an "Inactive-CPA" to perform any public service related to accountancy. The new provisions would allow a licensee in good standing who is over 55 to perform without compensation certain activities (such as VITA) to benefit the public without meeting the entire CPE requirement. However, the individual must be competent to perform that service, such as by taking a VITA prep course. The person could not sign anything as a "CPA" and would need to apply to the Board to use the "Retired-CPA" title.

In response to questions raised by the Board members, Mr. Baker said it would be up to the individual CPA to determine if he or she was competent to provide the service, which would involve staying current in that area by taking, for example, the required VITA course. Complaints would be brought to the Board. Educators would not be covered for teaching under this model. Legal Counsel Noel Allen explained that the idea is to preserve the Board's authority over an individual even if they no longer fulfill their entire CPE requirement.

Ms. Tish seconded Mr. Baker's motion to approve for exposure. The motion was unanimously approved.

Thanks

On behalf of the Board, Chair Davenport thanked Carlos Johnson (OK), Janeth Glenn (NE), Robert Cochran (VA) and Russ Friedewald (IL) for their service to NASBA.

Adjournment

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

**National Association of State Boards of Accountancy, Inc.
Meeting of the Board of Directors
October 27, 2015 – Marriott Laguna Cliffs Resort, Dana Point, CA**

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 Donald H. Burkett (SC) at 11:45 a.m. on Tuesday, October 27, 2015 at the Laguna Cliffs Marriott Resort in Dana Point, CA.

Report of Attendance

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

Officers

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

Directors-at-Large

A. Carlos Barrera, CPA (TX)
Jimmy E. Burkes, CPA (MS)
Tyrone E. Dickerson, CPA (VA)
Janice L. Gray, CPA (OK)

Raymond N. Johnson, CPA (OR)

Harry O. Parsons, CPA (NV)

Richard N. Reisig, CPA (MT)

Regional Directors

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

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

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

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

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

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

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

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

Executive Directors Committee Liaison

James Corley, CPA (AR) – Executive Directors Committee Liaison

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

Anita Holt, Executive Assistant

Elections of Officers

Following an explanation of the election process by NASBA Chair Donald Burkett, the 2015-16 NASBA Board of Directors took the following actions:

- The Board unanimously re-elected E. Kent Smoll (KS) as NASBA Treasurer.
- The Board unanimously re-elected Laurie J. Tish (WA) as NASBA Secretary.
- The Board unanimously elected Jimmy E. Burkes (MS) to be the NASBA representative on the Board of the NASBA Center for the Public Trust.

Adjournment

Chair Burkett adjourned the meeting at 11:55 a.m.

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, January 22, 2016 at the Loews in Miami, Florida, the Board took the following actions:

- Approved a Memorandum of Understanding with the Chartered Accountants of Ireland for extension of the current mutual recognition agreement until December 31, 2016. This will enable all parties sufficient time to clarify the provisions of the MRA prior to its renewal, explained NASBA/AICPA International Qualifications Appraisal Board Chair Telford A. Lodden (IA).
- Reviewed and approved for re-exposure the Statement on Standards for Continuing Professional Education Programs, as proposed by the Joint NASBA / AICPA CPE Standards Committee and presented by NASBA CPE Committee Chair Maria Caldwell (FL). The comment period is to end April 30, 2016.
- Approved the November NASBA financial statements as recommended by the Administration and Finance Committee and presented by Treasurer E. Kent Smoll (KS).
- Approved the Education Committee's recommended recipients of a NASBA accounting education research grant, Nathan H. Jeppson and Mary B. Burns, of Montana State University, for their work on "Is Being Selective and Attuned to Top Quality Students All that Matter? The Impact on CPA Exam Performance by Student Characteristics, Accounting Program Quality and Delays in Test Taking." Education Committee Chair Raymond N. Johnson (OR) announced grant proposals will be accepted by the Committee until April 14, 2016. He also announced NASBA and the AICPA will be holding an information exchange with higher education accreditors on January 29 in Washington, D.C.
- Received a report from Senior Vice President and Chief Financial Officer Michael R. Bryant on the status of capital expenditures as compared to the budget, specifically in regard to the renovation of the office space in Nashville. He reported NASBA staff will be moving into the new space on the sixth floor by February 1 and into the renovated seventh and eighth floors by the end of April 2016.
- Received a summary from Chair Donald H. Burkett (SC) of his NASBA activities during the past quarter. These included attendance at the Private Company Council meeting, various NASBA committees' in-person meetings and conference calls, the Ohio Board of Accountancy's meeting and the South Carolina Association of CPAs' centennial celebration, where he made a presentation on the future of the accounting profession and NASBA.
- Learned from President and CEO Ken Bishop that, in response to requests from State Boards, NASBA's continued development of the CPETracking system (CPE Audit Tool) has been given a high priority on the list of this year's projects for the IT department.
- Heard from NASBA Executive Vice President and COO Colleen K. Conrad that 51 jurisdictions are now participating in the Accountancy Licensee Database and CPAVerify, covering over 99 percent of the CPAs licensed in the United States. Michigan is the most recent addition to the ALD and CPAVerify.
- **Discussed the promotion and proliferation of non-CPA credentials including the Chartered Global Management Accountant (CGMA) by AICPA, the Certified Management Accountant (CMA) by IMA and Association of Chartered Certified Accountants (ACCA) credentials and the potential impact that could have on the CPA candidate pipeline. The Board also discussed the potential harm to the public from these confusing credentials and the impending AICPA vote on a joint venture between the Institute and the Chartered Institute of Management Accountants, operating under the auspices of a Swiss entity entitled the Association of International Certified Professional Accountants ("AICPA"). The Board members agreed that State Boards need to be aware of potential public confusion if there is a second AICPA that recognizes unlicensed accountants, as well as the adverse impact that such a credentials could have on the supply of candidates willing and able to meet the CPA's more rigorous requirements.**

- Heard an overview from NASBA Chief Human Resources Officer Lisa Dampf on the steps NASBA is taking to recruit and maintain qualified staff. NASBA staff now totals 175, including 161 full-time employees.
- Learned from President Bishop that NASBA has launched an Experience Verification Service that will enable international candidates to have their experience measured and checked by U.S. CPAs. This will enable those who have passed the Uniform CPA Examination outside the United States to obtain verification of the completion of their experience for licensure as required within the three-year period after taking and passing the Examination outside the country.
- As the sole member of the NASBA Center for the Public Trust, voted to appoint Keith T. Darcy to a three-year term on the CPT Board of Directors and Joseph P. Petito to a second two-year term on the CPT Board.
- Learned from Relations with Member Boards Committee Chair John Dailey (NJ) that program planning has started for the June 2016 Regional Meetings, to be held June 7-9 in Asheville, NC, and June 22-24 in Denver, Colorado.
- Heard a report from James Corley (AR), Chair of the Executive Directors Committee on the agenda for the March 15-17 Executive Directors and Board Staff Conference, and he noted the Executive Directors' have questions about the CGMA's potential impact on their Boards.

The next meeting of the NASBA Board of Directors will be held on April 29, 2016 in San Francisco, California.

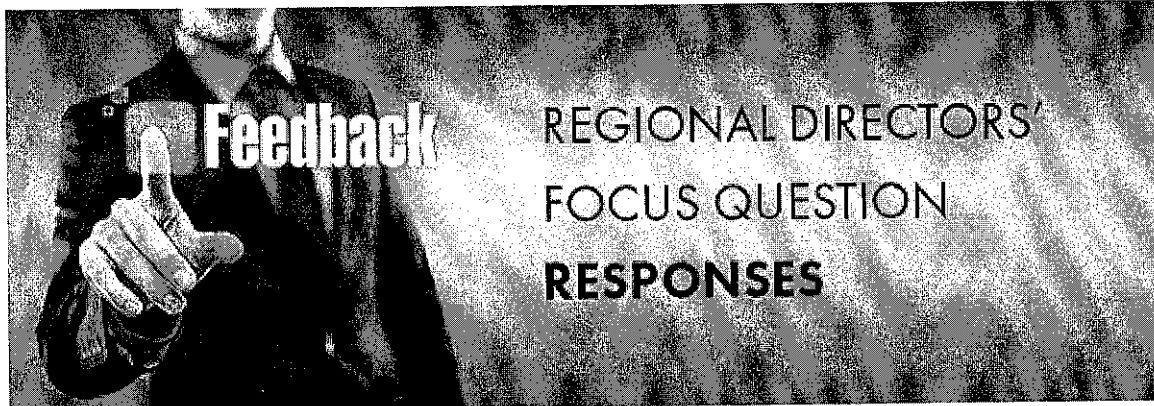
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Mission Driven - Member Focused



Executive Summary
November 4, 2015 – January 5, 2016
Regional Directors' Focus Question Responses
39 Boards Responding

Has your Board considered the proposed changes to the Uniform Accountancy Act and Model Rules to create a "CPA-Retired" category?

Yes: AK, CA, LA, ME, MO, NJ, NY, OK, OR, WV, WY

No: CNMI, CT, IL BOE, KS, MI, MN, NE, NC, NJ, PA, VT

Have retired status: AR, AZ, CA, CO, GU, ID, IA, MS, MT, NV, ND, OH, SC, SD, TX, VA, WA

An addition to NASBA's updated Strategic Plan is increasing the volume of CPA candidates. What is your jurisdiction doing to assist that effort? (some responses)

- Board Meetings and/or presentations on college campuses: AK, AZ, CT, ID, MO, OH, OK, SD, TX, VT, VA, WA, WY
- Meet with educators: CNMI, MT, NJ, NV
- Work with CPA Societies: AZ, CT, GU, ME, MO, OH, SC, SD
- Nothing, but considering/interested in what other Boards are doing: CO, IL BOE, KS, IA

What is your Board doing to ensure the ethics continuing professional education courses you require are remaining relevant? (some responses)

- Monitor the state specific ethics requirement: AR, CO, ID, KS, MS, NC, NJ, NY, OH, OK, TX, VT, VA, WY
- Relies on CPE providers and NASBA for content relevance: CO, IL DFPR/PARC, OK, SC, WV
- Works with state society: IN

- Needs NASBA's help: NH

What is happening in your jurisdiction that is important for other State Boards and NASBA to know about? (some responses)

- Allowing 16-hour CPE "waiver" for competency based learning – IN
- Put disciplinary actions on website – AZ
- Adopted statement to guide CPAs who wish to offer accounting services to marijuana industry – CO
- Legislation pending to enact mobility - GU

Can NASBA be of any assistance to your Board at this time? (some responses)

- Help with CPA firm seeking guidance re: new client that is an investor in several medical marijuana businesses in multiple states – MO
- Help with ethics continuing education - NH

For details, see Regional Directors' Focus Question Report.

VIEW THE REGIONAL DIRECTORS' FOCUS QUESTION REPORT

NASBA | 150 Fourth Avenue North | Suite 700 | Nashville, TN | 37219-2417
Phone: 615-880-4200 | Website: www.nasba.org

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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 4, 2015, and January 5, 2016. 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

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

Sharon A. Jensen (MN) – Central Regional Director

Edwin G. Jolicoeur (WA) – Pacific Regional Director

Stephanie S. Saunders (VA) – Middle Atlantic Regional Director

Benjamin C. Steele (NV) – Mountain Regional Director

1. Has your Board considered the proposed changes to the Uniform Accountancy Act and Model Rules to create a “CPA-Retired” category? Do you foresee many retirees applying for this designation in your jurisdiction?

Alaska – Alaska currently has an “inactive” status and was waiting for a final outcome of the UAA regarding retired and/or inactive. Once the UAA is updated regarding “retired” status, the Board will review Alaska statutes/regulations and determine if changes are needed.

Arkansas – Our Board created a CPA Retired status via rule change in 2013. So far this has worked well and has been well received by licensees who qualify for this status.

Arizona – The Arizona Board of Accountancy established a retirement status with a change in statute in 2013. During calendar year 2015, the Board approved 337 registrants. While we do not calculate the total number of renewals for the whole calendar year, given our monthly average annualized, this would represent about 6% of our population.

California – Effective July 1, 2014, California licensees who meet the specific requirements may apply to have their license placed in a retired status with the California Board of Accountancy (CBA). Since this license status became available, the CBA has placed over 750 licensees in a retired status. The CBA will be discussing the Uniform Accountancy Act and Model Rules Exposure Draft at the January 21-22, 2016 CBA meeting.

CNMI – We have not yet considered this. We do not anticipate more than a handful of retirees applying for such status.

Colorado – No because Colorado already has a Retired status available for its CPAs. There are currently 491 Colorado CPAs with Retired licenses. We could see a potential concern regarding the type of services that are allowed when a CPA is in that status.

Connecticut – Not at this time.

Guam – Yes, Guam has had a Retired status since 2006, yet has very few retirees to date.

Idaho – Idaho currently has a “CPA-Retired” status for those licensees over 55 years of age. We currently have 109 licensees who have this status. We are, however, as a Board, looking over the UAA proposal and will be discussing to work towards more uniformity.

Illinois BOE – Should be considered by Illinois Department of Financial & Professional Regulation.

Illinois DFPR and PARC – Currently, the Illinois Public Accountancy Act permits any licensed or registered CPA with an active unencumbered license or registration, who notifies the Department, to elect to place his or her license or registration on an inactive status. 25 ILCS 450/17.2. At this time, the Illinois Department of Financial and Professional Regulation (“Department”) and the Public Accountant Registration and Licensure Committee (“PARC”) do not have the statutory authority to create a new license status.

Indiana – Indiana has addressed the “Retired” status in a prior year, as we offer our licensees this status. This status allows a licensee to renew without requiring the education that an active CPA would need to complete. The only restriction on this level of category is the licensee must duly note the “Retired CPA” if using the designation. The legislation was originally designed to have a reduced renewal fee, however this element slipped through at the normal renewal rate of an inactive CPA. Licensees may select “Retired” status on their renewal application. As of this date, ninety-seven (97) licensees have “Retired” status.

Iowa – From IAC 193A

5.9(8) Retired Status. A person holding an active license who does not reasonably expect to return to the workforce in any capacity for which an active certificate or license is required due to bona fide retirement or disability may use the title “CPA, retired” or “LPA, retired,” as applicable, in the context of non-income-producing personal activities. [ARC 7715B, IAB 4/22/09, effective 7/1/09] We currently do not offer a “retired” renewal status.

Kansas – No.

Louisiana – Yes, the Board is proposing a change to our Accountancy Act to allow a CPA-Retired status. Based on the proposed criteria (20 years consecutive Active status + age 55), perhaps 15% of our current CPA-Inactive status registrants will move to CPA-Retired. Meeting the threshold of “consecutive” will be harder, but not impossible, for registrants that have moved into industry.

Maine – We have discussed the issue informally, as the state society has raised the issue. At this point, we are contemplating recommending legislative action to clarify that the prohibition against unlicensed individuals referring to themselves as CPAs does not apply to retired former licensees referring to themselves as “retired CPAs.”

Michigan – Not at this time. Michigan already has the designation of “Registered” status which enables one to still hold oneself out as a CPA but does not permit one to practice as a CPA.

Minnesota – We have not considered the “CPA-Retired” category. Applicants for designation: unknown.

Mississippi – Board Rules already grant CPA-Retired status to individuals who hold a current license issued by the Board who are 55 years old or older and have timely filed a request for Retired status on a form prescribed by the Board which indicates the licensee does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. There are currently 393 persons holding the CPA-Retired status in Mississippi.

Missouri – Only to the extent of a discussion item on the December 2015 Board meeting agenda.

Montana – We already have a CPA Retired status. We do have CPAs request this status. We are following the exposure draft and possible UAA amendments.

Nebraska – The Board has allowed those 60 years of age to retire and utilize the term “CPA-Inactive Retired” along without paying fees to the Board for many years. However, we do not limit the types of activities they can perform except for those that require an active license to perform which is the same way we treat our CPA-Inactive status as well. We do not foresee us changing our current practice.

Nevada – The Nevada Board currently has a CPA-Retired status. The requirements to qualify for retired status include removal from all financial functions of business. The regulations provide additional language that outlines the requirements for retired status. The Board will look at possible language amendments for renewal or continued oversight of retired licensees.

New Hampshire – The Board is interested in pursuing legislation in the 2017 legislative session that will create a CPA retired category.

New Jersey – In New Jersey, we have an “inactive-status” that many retirees take advantage of. At this time we do not have a formal “CPA-Retired” status. Should the current proposal lead to the establishment of such a status, New Jersey would certainly consider adding it.

New York – The New York State Board briefly discussed the CPA-Retired status at its November 2015 Board meeting. It was noted that this status is not available for any of the Department’s 53 professions. Additionally, the proposed modifications would contradict New York’s scope and it was suggested that this proposal would not be feasible in New York.

North Carolina – The Board and executive staff annually review its rules including exposure drafts. The UAA Exposure Draft from the AICPA and NASBA on “CPA-Retired” will be part of our review in 2016.

North Dakota – Our regulations have a Retired status. During our last meeting, we clarified that “not employed” refers to paid employment, not volunteer work, and that “may not practice” refers to work involving A&A skills as the law defines public practice.

Ohio – Ohio currently has a rule in place – 4701-7-06(C) - <http://codes.ohio.gov/oac/4701-7-06>.

Oklahoma – The Oklahoma Board has not considered changes to our Act or rules at this time. Oklahoma’s existing rules mirror the UAA proposed language.

Oregon – Yes. Oregon has had this status for some time, and is currently in the process of updating rules for it. Oregon respectfully disagrees with the UAA exposure draft as the Oregon Board believes the proposal is too restrictive as drafted. For example, excluding any type of compensated work – including work not subject to any CPA professional standards – appears excessive to us and would have the effect of disallowing retired CPAs from serving on boards of public or non-profit institutions.

Pennsylvania – Pennsylvania currently has only active and inactive status. The Board has held discussions regarding a potential CPA-Retired status and the Board felt it would only add more confusion to the current Regulations and to public at large. Thus we are not in favor of this proposal.

South Carolina – The Board feels that our CPA Emeritus status is substantially equivalent to the proposed status, however the Board would like to know under the UAA what the avenue would be if someone wanted to become active again. We currently have 145 CPA Emeritus licensees.

South Dakota – The South Dakota Board of Accountancy has a CPA, Retired. In accordance with our current statute, the South Dakota Board of Accountancy would not be in compliance with the proposed exposure draft and it would require a statute change. That change would be addressed and discussed if there are changes made to the UAA in regards to this designation.

Texas – The enabling legislation in Texas has identified a retired status since 1981. The current Board Rule stipulates a retirement age of 60 and no association with accounting work. A licensee may participate in a board or governance position for a charity or civic organization without compensation and be eligible for the retired status. At the end of the last fiscal year, there were about 7,400 Texas CPAs with a retired designation or about 10% of our total licensed population. This figure was more than doubled in the last 6 years.

Vermont – Due to the Umbrella Agency model in Vermont and current fee structure we do not plan to move forward with a CPA-Retired category. This model is not used for any other license in Vermont and is not contemplated in the Vermont fee structure. As such, this change would take significant legislative involvement. Our rules currently allow expired licensees to utilize the title CPA Retired without registering with the Board as long as they are retired and not practicing.

Virginia – The Virginia Board of Accountancy plans to respond to the exposure draft by the deadline of February 2, 2016. At this time, we do not have a “retired” status in Virginia. The Board implemented an “Active – CPE Exempt” status on July 2, 2015.

The “Active – CPE Exempt” status is defined as an individual that is currently and actively licensed as a CPA in Virginia and may use the CPA title. However, the individual is not currently providing services to the public (providing services that are subject to the guidance of the standard-setting authorities listed in the standards of conduct and practice in subdivisions 5 and 6 of § 54.1-4413.3) or to an employer (providing to an entity services that require the substantial use of accounting, financial, tax or other skills that are relevant, as determined by the Board) and therefore is not required to meet the Board’s CPE requirements.

In order to qualify for the Active-CPE Exempt status the individual's current job duties may not require a substantial use of accounting, financial, tax or other skills that are relevant, as determined by the Board (generally < 5%).

To apply for the status, a Virginia CPA must complete a form found on the Virginia Board of Accountancy website and attach a current job description.

To date, approximately 1,500 Virginia CPAs have applied for the status, with 1,000 approved.

Washington – Yes and Yes. The Washington Board does have a permitted designation, CPA-Retired by Rule (this is NOT a license status). We have a number of individuals who have applied and qualified for the designation. See WAC 4-30-058 at cpaboard.wa.gov/resources.

West Virginia – The Board reviewed the UAA CPA-Retired category information released by the AICPA at the last Board Meeting. However, no action was taken at that time.

Wyoming – Wyoming statutes and rules and regulations have authorized the Board to grant a retired status to active or inactive certificate holders since at least 2005. Currently the Board's rules and regulations require that "retired status" holders not perform any accounting services as defined in the Board's practice act and rules and regulations. The Board is giving consideration to allowing retired status holders to perform limited accounting services for non-profit organizations.

2. An addition to NASBA's updated Strategic Plan is increasing the volume of CPA candidates. What is your jurisdiction doing to assist that effort?

Arkansas – A few years ago our Board lowered the college hours' requirement from 150 to 120 to sit for the exam. Also we have held board meetings at college campuses and board staff have attended/presented at several career fairs, student meetings, and firm recruiting events where the importance of the CPA license is presented/discussed. We believe it is more appropriate for the AICPA and State societies to lead in this effort but we can certainly help and support their efforts.

Arizona – Board staff collaborate with the Arizona Society of CPAs and occasionally do presentations at universities that are titled "Road to the CPA." We give soon-to-be graduates information about the Uniform CPA Examination and Certification process.

California – Although, the CBA's primary mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards, the CBA has been increasing its outreach efforts on college campuses, both through formal presentations as well as less formal settings such as an information booth or through video conferencing. In addition, the CBA has begun exploring how it might supply resources to high school career counselors that will inform high school students about the career and the education requirements for licensure.

CNMI – Our local community college only recently became accredited as a 4-year college, and does offer a degree in accounting now. We communicate often with college faculty and staff to encourage students to consider a career in accounting.

Colorado – At this juncture, this has not been the focus of this Board given the significant law/rule changes that occurred on and after July 1st. I would be interested in hearing what other states are doing to increase the volume of CPA candidates.

Connecticut – We have a joint partnership with the State Society. We attend accounting classes and club meeting on college campuses throughout Connecticut and explain the process and benefits of becoming a CPA.

Guam – Outreaching to university and high school students with the Guam Society of CPAs, and promoting the Guam Computer Testing Center to Chinese candidates. Also, subsidizing the cost of Becker CPA Exam review materials for University of Guam students that pass the review courses with a “B” or better grade.

Idaho – The Idaho Board continues to be working with Idaho colleges and universities along with the State Society to discuss this issue. Board staff with assistance from current Board members are doing outreach with our local colleges and universities to make presentations on campuses. These presentations are generally tied to local Alpha Beta Psi chapters

Illinois BOE – The Illinois Board of Examiners will consider what, as a board, we should do. We would like to see the accounting AP course approved for high schools.

Illinois DFPR and PARC – The Department and PARC welcome NSABA’s strategic plan suggestions. The Department and PARC routinely cooperate with the Illinois CPA Society (“Society”) for the continued betterment of the profession. The Illinois Board of Examiners has expressed outreach to colleges and universities within Illinois to increase CPA candidate volume.

Indiana – Indiana has not taken any steps to specifically address this issue.

Iowa – Plans to hold a 2016 Board meeting at a nearby school, in an effort to highlight licensure.

Kansas – Currently, nothing. Would like to hear what other jurisdictions are doing, however.

Louisiana – Currently, it is not being addressed.

Maine – We have had various discussions with the state society regarding ways to make it ease the administrative burden for individuals to apply for licensure and take the Exam, and have made administrative changes when appropriate.

Michigan – Any such activities would be handled by our professional association, the MICPA.

Minnesota – Nothing is scheduled at the present time.

Mississippi – The Board has not taken action yet.

Missouri – When the opportunity presents itself, the Board supports the Missouri Society of CPAs’ outreach efforts toward students. Additionally, our Board has held Board meetings on various college campuses throughout the state in recent years. Finally, for years the Board’s Executive Director speaks annually at a state educator convention and to various college classes when requested.

Montana – We continue to meet with educators. One of the things that has been suggested and the Board will be discussing, is getting accounting approved for state STEM scholarships and provide timely information to students regarding the benefits of CPA licensing.

Nebraska – Historically, the Nebraska Board has not taken a strong position in recruiting for new CPAs and leaves this initiative to the Nebraska Society of CPAs. Board staff, on request, does attend several functions a year on college campuses to provide feedback on how to apply and sit for the Examination.

Nevada – The Nevada Board is trying to work with NASBA to get a Nevada chapter of the Center for Public Trust at our local universities. The Board recently approved payment for additional examination reporting for the local universities from NASBA that will assist the universities with their course information as it relates to the CPA Examination.

New Hampshire – The State Society has outreach programs. We are exploring joining the society in their outreach and are exploring ways to create our own outreach program. The Board does not have concerns that the additional 30 hours of education requirement that commenced in New Hampshire on 7/1/14 has made it more difficult for potential candidates for licensure to pursue a CPA.

New Jersey – The Education reciprocity Committee of the Board attends the Educators' Committee of the New Jersey CPAs on a regular basis. At these meetings we ask the educators to encourage their students to sit for the exam as soon as possible. Certainly more could be done on a national basis to encourage graduates that are eligible to sit to take the exam.

New York – The New York Board is not able to assist in this effort. However, New York continues to allow NASBA to approve candidates to sit for examination.

North Carolina – Since Florida changed its rules to sit for the Uniform CPA Examination (the "Exam") to require 150 semester hours to sit for the Exam, North Carolina chose not to change its rule but to allow its candidates to continue to sit for the Exam with a Bachelor's Degree which includes 30 semester hours of accounting.

North Dakota – The Society is involved in marketing the profession; the State Board does not have any current activity in this area.

Ohio – (a) Beginning to hold Board meetings at Ohio colleges/universities. (b) Offer education assistance to those seeking to finish education so he/she may sit for the CPA Examination. (c) Make a yearly contribution to the Ohio Society of CPAs program, ACAP. This is a program that encourages high school students who seek to pursue a career in the accounting field.

Oklahoma – Oklahoma continues to have an active outreach program on college campuses encouraging students to become CPAs. This includes holding two Board meetings per year on campuses and multiple presentations at various campuses during the year.

Oregon – In Oregon, there are no specific Board-level programs in place that have this as an explicit goal. That said, Oregon is continually improving its infrastructure to communicate better

with the new generation of candidates, including but not limited to developing better social media communication capacity.

Pennsylvania – Our Board members continue the outreach to local colleges and universities. Our Board members have performed various speaking engagements. Additionally, two years ago the Board began a system of meeting once per year at a major university site: Duquesne University in Pittsburgh and Temple University in Philadelphia. This is an effort to enhance the visibility of the profession and help answer questions from prospective CPA candidates.

South Carolina – Because we deal with licensing and discipline, our Board as a whole has not done anything but our state association (SCACPA) has.

South Dakota – The Board currently has the Executive Director speaking at colleges/universities in regard to the CPA Examination. There is also a joint South Dakota Board of Accountancy/South Dakota CPA Educators' Conference every 2-3 years in South Dakota. All other outreach programs are through the South Dakota CPA Society where it is their role to advocate for the profession.

Texas – The Texas Board recently published an article in the Texas Board Report. Barry Melancon at the AICPA was interviewed and his comments were incorporated in the article. Board members and staff regularly attend and present at accounting educators' conferences and at various educational institutions throughout the state. The value and benefits of becoming a Texas CPA and the process that is in place to achieve the designation are described.

Vermont – We periodically meet with the Vermont Society Student Membership to provide presentations on how to become a CPA in Vermont. As individuals, we also periodically speak at colleges and universities throughout the state both to increase the volume of CPA candidates and as part of the recruiting function or our individual firms.

Virginia – The Virginia Board of Accountancy hosts an annual Board meeting on a college campus to increase awareness of the CPA profession to accounting majors and others. In addition, the Virginia Board of Accountancy has an outreach program whereby staff visit college campuses to meet with accounting majors and others to discuss the CPA Exam and profession. The Virginia Board of Accountancy is working to increase its presence on college campuses through the outreach program. We have also recently produced a brochure to assist in this effort.

Washington – Business, college and university, high school, and community outreach programs and presentations.

West Virginia – West Virginia would, of course, like to see an increase in the volume of CPA candidates. However, at this time, this Board has not initiated any formal plan to assist in this effort.

Wyoming – The Wyoming Board has issued a Public Service Announcement with the help of NASBA's Communications Team. In addition, the Board will discuss the possibility of decreasing the education requirements for CPA Exam applicants to sit for the Exam to provide students more flexibility with respect to the Exam. The possible change in education requirements to sit for the Exam will not affect the minimum education requirement for certification. The Board's staff also accepts every invitation to present information about the Examination and other topics of particular interest to students at the University of Wyoming and any other school that requests.

3. What is your Board doing to ensure the ethics continuing professional education courses you require are remaining relevant?

Alaska – The Board just completed a recent regulation change to remove Alaska specific ethics; four hours of ethics are still required for every two-year licensing period, but they do not have to be state specific.

Arkansas – Our Board created a new state specific ethics requirement in 2015. This course was designed to ensure that all active license holders from our state are exposed to the laws and rules that govern their license.

Arizona – There has not been any specific focused activity in this area. However, there is a representative from the Arizona Society of CPAs who attends each Board meeting and the ASCPA is a big provider in delivering CPE. I believe that they take things that they learn from our Board meetings to share with their instructors in an effort to keep CPE content relevant – ethics or otherwise.

California – In order to ensure the protection of California consumers and to fulfill the California ethics requirement, CBA Regulations require licensees complete four hours of ethics education each renewal cycle. As a way to ensure the course is relevant to the industry, the course content must include subject matter consisting of one or more of the following areas: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity, and consumer expectations.

CNMI – Nothing in particular at this time.

Colorado – Colorado requires licensees to complete a specific course that covers the laws and the rules and it believes that the requirement helps CPAs understand the framework of their license. The Board primarily relies on the CPE providers to ensure that the ethics content remains relevant. Beginning in January, 2016, the Board will be asking CPAs who have a complaint filed against them to produce the CPE certificates and expects to evaluate them while they review the allegations of the complaint.

Connecticut – We audit a minimum of 5% of our population every year in the month of June. In addition, we have published our settlement agreements and the fines and penalties associated with noncompliance of the CPE requirements. We also send a reminder of the requirements at the beginning of the CPE cycle.

Guam – Guam does not require a specific, static ethics course; we accept all ethics courses by NASBA approved sponsors.

Idaho – For individuals who are newly licensed or are coming back to have their licenses reinstated from a “lapsed” status or are seeking re-entry from an “inactive” or “retired” status are required to take an Idaho State Specific course which have been reviewed by Board staff for relevance and accuracy. Of course, licensees also have a general ethics requirement that we allow the licensee to use, at their own discretion as to the relevance of the course. We continue to do a desktop review of

all CPA reports and our CPE Committee does a more in-depth review of courses for those licensees selected for the yearly audit.

Illinois BOE – This should be considered by the Illinois Department of Financial & Professional Regulation.

Illinois DFPR and PARC – The Act requires that the 120 hours of CPE required for licensed CPAs, not less than four hours shall be courses governing the subject of professional ethics. 225 ILCS 450/16(c). The Department performs routine audits of CPE which incorporates a review of relevant course topics. Additionally, the Department is working with NASBA to implement a CPE Tracker, assisting in ensuring relevant CPE.

Indiana – The Indiana Board has worked with the Indiana CPA Society providing relevant ethics education. This is being addressed by including ethics in the competency based learning, as well as providing an opportunity to fulfill the requirements via experience with an ethics related volunteer experience (such as with the AICPA, State Society, NASBA, or similar ethics committee), in addition to the traditional education opportunities.

Iowa – Iowa has not yet considered this question.

Kansas – We specifically define in our rules and regulations what we do and do not accept for ethics in Kansas.

Louisiana – The Board is considering a different delivery method, and focusing on common violations, common questions, etc. It is a work-in-progress at this time.

Maine – We attempt to assess the substance of the course from its title. We do not mandate specific content, but accept courses that relate to the concept of ethics.

Michigan – Nothing at this time.

Minnesota – The topic is being discussed and there is discussion of moving to requiring four hours in a three-year cycle rather than our current eight hours.

Mississippi – By rule, the Board must approve all ethics CPE programs in advance. There are exceptions which allow credit for ethics CPE programs sponsored by the AICPA, State Societies, other State Boards, and the Bar Associations.

Missouri – We do annual CPE audits to ensure compliance with our state's CPE requirements. Other than verifying the required state ethics requirement has been met by each auditee, we accept just about any ethics course.

Nebraska – Board staff regularly attends and provides feedback to the Board's CPE Committee on new Nebraska Society of CPAs sponsored formal CPE ethics courses, attended by many Nebraska CPAs. The Society staff has done a good job of "mixing up" the course offerings over the last ten years. The Board CPE ethics requirement (four hours/within an 80 requirement every two years) remains flexible without any state-sponsored or other requirements leaving for a broad range of ethics. Most courses are targeted directly to the profession's requirements/standards while some are created to teach general ethics utilizing case analysis and scenarios.

Nevada – The Nevada Board currently allows ethics continuing education from any sponsor/provider. The Board will be reviewing their regulations to identify if a state specific ethics course should be added to the regulation language.

New Hampshire – The Board would like NASBA’s assistance in providing direction in ensuring that the Board’s ethics continuing education remains relevant.

New Jersey – At the beginning of each triennial period, vendors offering the New Jersey Law and Ethics course must re-submit their courses for approval. As part of that process, courses are reviewed for relevance and any required changes to a submitted course must be made before the vendor receives approval to offer their course to our licensees. In addition, approved vendors are required to update their materials from time to time when changes to laws and/or regulations occur.

New York – The New York State Board office staff reviews each CPE sponsor’s application course outline for ethics to ensure that it is relevant to New York’s standards.

North Carolina – The Board executive staff meets annually with education staff of the North Carolina Association of CPAs and the instructors of their ethics courses to discuss ethical issues and review the course content.

North Dakota – The Board will be visiting about adding ethics content within the CPE requirements. The CPA Society is supportive of such a change.

Ohio – Included in our renewal. Must obtain three hours of Ohio specific ethics within their current three-year reporting period.

Oklahoma – Oklahoma continuously monitors CPE taken by registrants. We adhere to the requirement for on-line courses to be approved by NASBA.

Oregon – After completing fee increases by statute by means of legislative action in May 2015, the Board has implemented additional, corresponding fee increases by rule in October 2015. The rule-based fee increases would have to be reversed if legislative ratification is not obtained. The rule-based fee increases of the Board are on course to be considered in the February 2016 legislative session in a catch-all government-wide fee ratification bill.

Pennsylvania – Pennsylvania licenses individual CPE providers and those providers remain responsible for course content. We do not audit specific courses.

South Carolina – We are encouraging providers to update it as our state laws change.

South Dakota – N/A, South Dakota does not have an ethics requirement.

Texas – The Texas Board reviews CPE courses and instructors every three years. A primary focus of these reviews is the inclusion and highlighting of our most recent Rules of Professional Conduct. The structure of the Texas ethics course is defined in Rule to include 35% case studies “...that require application of ethical principles, values, and ethical reasoning...” The heavy reliance on case studies allows the CPAs and instructors ample opportunity to engage in relevant and timely

topics. We have 22 separate courses approved to meet our biennial four hour ethics requirement. This offers Texas CPAs many options to complete relevant and interesting courses.

Vermont – In our 2009 rule changes we relaxed the ethics requirement for renewal to allow the four hours of ethics required to include both regulatory or behavior ethics for accountants. Previously it was required to include the AICPA Code of Conduct or Vermont statute and rules and we found that this wasn't relevant to CPAs in industry. We continue to require regulatory ethics including the code or Vermont statute and rules when initially licensed and for endorsement. Additionally, for the 2013 renewal we performed an audit of the ethics requirement for 100% of our licensees.

Virginia – For Virginia licensees (unless they qualify for a “home state exemption”): The outline for our annual course is developed by an “Ethics Committee” currently comprised of five CPAs (non-Board members) with varied backgrounds and differing practices. Two Board members serve as liaisons to the committee, and Board staff participate as well. The Ethics Committee meets annually and submits its proposed Ethics Course outline to the full Board for Approval. Once approved, the Ethics Course outline is sent to our contracted vendor for the development of the following year's Ethics Course (currently the Virginia Society of CPAs). The Ethics Course is generally broad and all inclusive (public vs. industry, government and academia). Beginning with the 2016 Ethics Course, participants will be able to choose between a course geared toward public accounting vs. non-public accounting.

Washington – The Board is reviewing the entire scope of education for licensing and examination. That project is underway, headed by the Board Chair, and may be reported to the full Board in the fall of 2016.

West Virginia – This Board depends on NASBA-approved providers and AICPA to review and offer relevant ethics courses. West Virginia does not formally review ethics courses.

Wyoming – The Board requires periodic review of Board-approved regulatory/professional ethics courses. Every time there is a significant change to Board rules and regulations and/or the Board's practice act, all ethics CPE sponsors desiring to remain on the “board approved” list must resubmit course work for review and approval by the Board.

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

Alaska – 500 attest hours as part of initial license requirements has been removed. Blanket acceptance of any NACES member credential evaluations has been removed; NIES is now the preferred provider. State (Alaska) specific ethics has been removed; there are still four of ethics required every two years. We were going to move forward on changing our experience requirement from two years to one, but have decided to put this on hold until NASBA does further research into this matter.

Arizona – Effective December 31, 2015, the Board put disciplinary actions on its website. This is a significant improvement in fulfilling its mission to “protect the public.”

California – (1) Effective January 1, 2016, pursuant to CBA Regulations section 12.1, experience

in academia will qualify toward the general accounting experience requirement for CPA licensure if certain requirements are met.

(2) The two-year extension for applicants to become licensed under Pathway 1 and Pathway 2 expires on December 31, 2015. Effective January 1, 2016, all applicants will be subject to the following educational requirements:

Conferral of a baccalaureate degree or higher, with:

- **150 semester units* of education**
 - 24 semester units* in accounting subjects
 - 24 semester units* in business-related subjects
 - 20 semester units* of accounting study
 - 10 semester or 15 quarter units of ethics study
- * Or its equivalent in quarter units

- With the assistance of NASBA, the CBA is currently conducting a review of other state boards of accountancy's enforcement programs to determine substantial equivalence to the NASBA Guiding Principles of Enforcement. Once complete, the CBA will use this information when discussing whether licensees of particular states should remain under California's no notice, no fee practice privilege program.

- The United States Department of Labor's (DOL) Employee Benefits Security Administration published a report titled "Assessing the Quality of Employee Benefit Plan Audits." In a recent letter from the DOL Office of the Chief Accountant, the DOL highlighted the findings of the report and provided the CBA with statistics specific to California. The CBA will be conducting further study of this matter including examining options such as changes to the CBA's laws, regulations, continuing education requirements, enhanced enforcement strategies, increased outreach, or any other changes that will improve the quality of employee benefit plan audits in California to protect the consumers relying on those benefit plans.

CNMI – We are still trying to get our statute and rules updated.

Colorado – At the Board's December meeting, the Board adopted a statement for CPAs to serve as guidance for CPAs who wish to offer accounting services to the marijuana industry [see below].

Colorado State Board of Accountancy Position Statement

Colorado Board of Accountancy's Position Statement Regarding Certified Public Accountant Certificate Holder's Providing Services to the Marijuana Industry – Adopted December 16, 2015.

It is the Board's position that offering to perform or performing professional services for clients in the marijuana industry who are in compliance with Colorado Medical Marijuana Code and the Colorado Retail Marijuana Code is not in itself specifically prohibited by the Accountancy Act codified in Section 2 of Title 12 of the Colorado Revised Statutes or the State Board of Accountancy Rules.

Certificate holders who choose to provide professional services to the marijuana industry will be held to the professional standards, laws, and rules applicable to all certificate holders for services provided.

The Board's Position Statement should not be construed: (a) as an endorsement for certificate holders to provide professional services to the marijuana industry; (b) as a statement about the feasibility of meeting applicable professional standards in providing services to the marijuana industry; or (c) as a statement about marijuana enforcement in any other jurisdiction or by any other local, state, or federal authority.

Connecticut – The Board is currently reviewing statutes and regulations and seeking opportunities to incorporate the UAA. Our Board members have increased their membership on national AICPA and NASBA committees. We are contemplating establishing a PROC Committee. The Board is contemplating regulating non-CPA tax preparers. We will continue to expand our use of an annual newsletter. We are also reviewing our application procedures in an effort to streamline the process. This legislative session we plan to adopt the AICPA model rules regarding commission and contingency fees.

Guam – Legislation is pending to enact mobility for Guam.

Idaho – Idaho has seen a few instances where a former licensee who let their license lapse in lieu of discipline are now coming back to the Board asking for a reinstatement of their license because a previous conviction and guilty plea have been set aside or a judgment withheld. The Idaho Board is currently looking at its current Act and Rules particularly in the areas that may be considered when it comes to whether or not an individual has had a rehabilitation of their moral character. We are seeing these examples ranging from minor to more serious offenses that the Board is confronting. While we are sure other Boards are also experiencing these type of situations, we welcome any thoughts or best practices that others have to offer.

Illinois BOE – We are about to submit our updated rules to the Illinois Joint Committee on Administrative Rules.

Illinois DFPR and PARC – The professional conduct rules set forth in 68 Ill. Adm. Code 1430 are no longer current. In light of this, a new Section is being added to Part 1420 to incorporate the AICPA Code of Professional Conduct as the State's minimum standards for professional conduct, and 68 Ill. Admin. Code 1430 is being repealed. 1st Notice has been filed and the proposed rules were published in the October 23, 2015 Illinois Register. The 45-day public comment period expired on December 7, 2015.

Indiana – The Indiana Board is providing up to a 16-hour CPE “waiver” to allow Indiana licensees the opportunity to meet their continuing education requirements via a competency based learning model.

Iowa – Rolling review of administrative rules.

Kansas – Rules and regulation amendments to update materials adopted by reference.

Louisiana – Our chair is stepping down after more than 25 years on the Board. Two additional long-term Board members are retiring also. We have a new Governor taking office 01-11/16, and appointments for all Board positions will be made, so there will be at least three new members and perhaps more in the next few months.

We are also submitting proposed revisions to our statutes in the Spring, including fee changes, adding the CPA-Retired designation, updating the attest definition, allowing Exam

candidates to sit at 120 hours, etc. Since our state is dealing with massive budget issues, we do not know what will be the outcome on our proposals yet.

Maine – Once NASBA and the AICPA finalize modifications to the CPE rules, we plan to consider rulemaking in this area, including consideration of “nano learning.” We have had a number of requests to consider non-public accounting experience substantially equivalent for licensure purposes, and are considering rulemaking to clarify what the Board considers substantially equivalent experience.

Mississippi – Several modules of the new online Licensing and Reporting System (LARS) are being tested and will be activated soon. These include original license applications, reciprocal license applications, reinstatement applications, and firm permit applications. The current free standing online CPE reporting application will be made a part of the LARS database in time for the June 30, 2016 CPE compliance period.

The Board is also proposing changes to the Accountancy Law. The primary change is in the area of the Requirements to Sit for the CPA Examination, where the Board is proposing a law to allow a student with a baccalaureate degree of at least 120 hours to sit for the Exam. Although the proposed legislation does not give a time limit on meeting the current 150 hour requirement to obtain the CPA license, under existing Rule 2.1.2, the candidate would have five years to apply for an initial CPA license after passing the CPA Exam.

Missouri – We are in the early stages of drafting rule changes. We also anticipate that a separate statute change process will be started in calendar year 2016. Both of these efforts should help bring Missouri rules and statutes closer to the UAA language.

Montana – We continue to navigate the enterprise funding approved last legislative session. We are seeing other licensing boards express interest in this funding.

Nebraska – The Board completed a 2015 Rule Package and has submitted to the Nebraska Attorney General’s Office and Governor Policy Research Office for review and approval. A new chapter was created in response to last year’s Legislative Bill 159 that gave the Board authority to require all firms completing attest services to complete a Peer Review (and end the Board’s QEP program). Several definitions were updated and modernized.

New Hampshire – The Board recently issued a declaratory ruling in regard to CPA firms’ ability to represent marijuana dispensaries.

New York – New York is looking to update the Rules of the Board of Regents – Unprofessional Conduct, Special Provisions for the profession of public accountancy – 29.10 and the Regulations of the Commissioner Section 70.

North Carolina – The Program Evaluation Division of the North Carolina Legislature has issued a report which has a number of recommendations regarding occupational licensing boards. The report has yet to be acted upon by the Legislative Committee and the Legislature.

Oregon – Not at this time. NASBA’s Dan Dustin has agreed to visit the Board’s May 2016 Board and planning a meeting to help the Board in its assessment during strategic planning as to whether or not the Board should seek semi-independent state agency status.

Pennsylvania – We continue the process of updating our Regulations to meet the changes passed in the 2013 Act. Our Board leadership has rotated effective 1/1/16 as required on a biennial basis. The Board is currently three members short of a full complement, however four additional members have had their initial four-year term lapse and are thus ineligible to participate. We are awaiting Senate confirmation, however due to the continuing budget gridlock in Harrisburg there is no time table for this to occur. As a result, we currently lack an incoming Board Chair and potentially lack the necessary affirmative votes to conduct most business until this is resolved.

North Dakota – Experience must be verified by a CPA, beginning in August 2016.

Ohio – Ongoing enforcement of Board rules and statutes including five Department of Labor related cases.

Oklahoma – Two things are happening in Oklahoma. The fallout from the North Carolina dental case has caused operational issues since virtually all orders and actions now have to be sent to our Attorney General for review and approval. The other item is the significant budget shortfall. The legislature is looking at any way to obtain funds including raiding revolving funds of professional licensing agencies and considering further consolidations. Additionally, travel has been cancelled unless approved by the cabinet secretary.

South Carolina – Our Board size is expanding and members are now chosen by congressional districts. We have a new statutory requirement that our investigator be a CPA and now have a CPA investigator on staff. We are developing inspection guidelines and are working on establishing a PROC.

South Dakota – We are in the process of having a new database designed. It should be operational in late 2016.

Texas – We are computerizing our Rules of Professional Conduct exam that we give to reciprocals and new candidates. This agency is considering a rulemaking recognizing that when the firm ownership includes a professional organization the professional organization must be owned by individuals that hold a certificate issued by this agency.

Virginia – The Virginia Board of Accountancy is on track to issue an RFP in the spring of 2016 for a new licensing and management information system.

Washington – Board member diversity is high on the Governor's selection criteria.

West Virginia – The West Virginia Board of Accountancy has awarded a contract to purchase a customized, off-the-shelf e-licensing solution. Board staff anticipates that it could take as long as nine months to one year to fully implement a new system.

Wyoming – (a) The Board office is undergoing a licensing management system conversion. The Board is contracted with GL Solutions, Inc., to provide the system.

(b) A working group is being formed comprised of a couple of Board members, a couple of Society members and staff to discuss opening the Board's practice act to consider whether changes need to be made.

(c) The State of Wyoming is facing revenue reductions due to federal policies related to coal, oil and gas extraction. The State receives most of its revenues from mineral extraction taxes. So far

the Board has not been notified that its budgeted appropriation or cash balance is threatened in any way; however, the Board staff and Society staff closely monitor all proposed legislation that may have an impact on regulating the profession. The State Legislature convenes its budget session on February 8, 2016.

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

Alaska – The Board will be requesting a scholarship for the new investigator to attend the Executive Directors/Legal Conference in March.

Arkansas – Please continue to monitor state government responses to the North Carolina Dental Board cases. We appreciate the efforts and communications that have been devote to this issue so far.

California – In order to ensure public protection under the mobility no notice, no fee program the CBA appreciates the continued research of the enforcement practices of each jurisdiction in order for the CBA to determine substantial equivalence.

CNMI – NASBA has already assisted greatly with drafting of legislation to update our statute.

Colorado – The Board still seeks assistance to implement the CPE Tracking tool and looks forward to having content shared in some manner that can be used for a newsletter.

Connecticut – We are currently discussing a number of national policy issues with representatives from NASBA including tax preparation regulation and firm mobility.

Guam – Promote the Guam Testing Center to Chinese CPA Exam candidates versus promoting testing in China?!?

Indiana – We are not aware of any issues at this point. As we are now in a new three-year reporting cycle, we may have an interest in your CPE Tracking tool. This is something that we can discuss further after tax season.

Louisiana – We have specific follow-up we will be making with several areas at NASBA, and we will be in touch with John Johnson's folks as we head into some statute proposals with our legislature and our partners at the State Society.

Maine – Develop PROC for NEPR.

Mississippi – The Board may need NASBA's assistance with the proposed legislation.

Missouri – Our Board office recently received an inquiry seeking guidance from a Missouri CPA firm that has acquired a client for 2016 that is an investor in several medical marijuana businesses in multiple states. NASBA may be able to provide some assistance in answering this question.

Montana – We are excited about working with NASBA on a pilot project for firm registration cross-reference. Also working with NASBA to complete the electronic feed of applications.

Nebraska – As indicated above, the Board continues to be an active participant in NASBA meetings/committees and continues to look forward to any ideas and other initiatives to assist the Board.

New Hampshire – See response to #3 above.

New Jersey – We are waiting for assistance with the audit of our CPE compliance for the 2011-14 triennial period.

New York – The New York State Board looks forward to finding solutions with NASBA to resolving the current matters regarding the electronic transfer of education records.

Ohio – We see continued growth in CPETracking.

Oklahoma – NASBA can assist with travel scholarships and we may well need assistance with potential legislation this year.

Oregon – Not at this time. NASBA’s Dan Dustin has agreed to visit the Board’s May 2016 Board and planning meeting to help the Board in its assessment during strategic planning as to whether or not the Board should seem semi-independent state agency status.

South Carolina – We would like help producing a newsletter perhaps two to four times a year and ask the NASBA editorial staff to keep us in the loop if they have an article of a regulatory nature.

Virginia – Outside our current work with NASBA’s Communication Department, no further assistance is needed at this time.

West Virginia – Yes. We will be contacting NASBA for newsletter services. We could possibly need additional assistance during the legislative session.

Wyoming – Dan Dustin provided a comparison of the Board’s Practice Act and the UAA. We are looking forward to receiving a copy of a comparison of the Board’s rules and regulations and the UAA Model Rules.

The Board staff is closely monitoring legislative activities and will be in contact with John Johnson if there is any support needed.

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, ME, MI
- Input only from Executive Director: AZ, CA, CT, IA, ID, KS, LA, MO, MT, ND, OH, WA, WV, WY
- Input only from Board Chair and Executive Director: AK, IN, NJ, NY, OR, TX
- Input from all Board Members and Executive Director: AR, CO, GU, MS, NC, NH, NV, OK, SC, SD, VA, VT
- Input from some Board Members and Executive Director: MN, NE
- Input from all Board Members:
- Input from some Board Members: IL, BOE, NJ

Other (please explain): IL - PARC General Counsel and PARC Board Liaison; PA – Immediate Past Chair

01/20/16

FOCUS QUESTIONS

JANUARY 2016 NASBA REGIONAL DIRECTORS' FOCUS QUESTIONS

1 *Jurisdiction:

State:

2 Name of person submitting form on behalf of the Board of Accountancy

3 Email address of person submitting form on behalf of the Board of Accountancy

4 How quickly can your Board begin the enforcement process in response to a firm's failed peer review?

5 How long will it be until the firm is referred to the Board's enforcement committee?

6 Is your Board proposing any changes to speed up the process?

- Yes
- No
- Other (please specify)

7 Does your Board believe the experience requirement for audit practice in your state should be revisited?

- Yes
- No

Please explain.

8

Does your Board believe the AICPA's new CGMA (Chartered Global Management Accountant) credential will impact the CPA candidate pipeline?

- Yes
- No
- Other (please specify)

Does your Board foresee the CGMA credential impacting the Board's operations to protect the public in other ways?

- Yes
- No
- Other (please specify)

What is happening in your jurisdiction that is important for other Boards and NASBA should know about?

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

11. 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 specify)