



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

Agenda  
 South Dakota Board of Accountancy Meeting  
 Conference Call  
 9:00 a.m. (CT)  
 June 8, 2015

A=Action	
D=Discussion	
I=Information	Page
A-Approval of Minutes of Meeting April 23, 2015.....	2-3
A-Approval of Certificates and Firm Permits.....	4-5
A-Financial Statements through April 2015 .....	6-15
D-CPE Audit Review Committee.....	16-17
D-Executive Director's Report.....	18-19
<b>AICPA</b>	
D-Executive Summary and Recommend Revisions to the CPE Standards, Jointly issued by the AICPA and NASBA.....	20-47
D-Concept Paper – Future of Practice Monitoring.....	48-62
<b>NASBA</b>	
D-Candidate Care Report 1Q15.....	63-66
D-Board of Directors meeting minutes January 23, 2015.....	67-73
D-Board of Directors meeting highlights April 24, 2015.....	74-75
D-Executive Summary and Focus Questions February 5, 2015.....	76-96
<b>EXECUTIVE SESSION</b>	
Equivalent Reviews, Off-Site Requests and Complaint for Board Approval.....	Spt. Pkt.

**FUTURE MEETING DATES** (all times CT)  
 July 7, 2015 – 9:00 Conference Call  
 August 14, 2015 – 8:30 Holiday Inn City Centre – Cascade Room, Sioux Falls, SD



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

The Board of Accountancy held a meeting by conference call on Thursday, April 23, 2015. Chair John Mitchell called the meeting to order at 9:05 a.m.

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

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

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

A motion was made by David Pummel and seconded by John Linn, Jr. to approve the March 20, 2015, meeting minutes. A roll call vote was taken. The motion unanimously carried.

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

A motion was made by Marty Guindon and seconded by David Pummel to approve the financial statements through March 2015. A roll call vote was taken. The motion unanimously carried.

Executive Director Kasin discussed her report on a question regarding the death of sole practitioners without succession plans and responsibilities of the estate on firm records, NASBA deadlines, and a recap from the NASBA Executive Directors Conference. A new database for the office was discussed as new business.

A motion was made by John Linn, Jr. and seconded by David Pummel to move forward with negotiations for a new database and to present a contract to the Board for final approval. A roll call vote was taken. The motion unanimously carried.

Aaron Arnold gave a recap from the NASBA Legal Council Conference.

The Board discussed the NASBA Compliance Assurance Committee Failed Report Guidance Paper.

A motion was made by David Pummel and seconded by Marty Guindon to enter into executive session for the deliberative process for peer reviews, follow-up, and a complaint. A roll call vote was taken. The motion unanimously carried.

The Board came out of executive session.

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

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

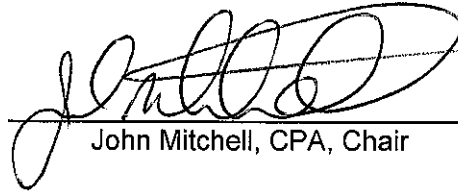
June 8, 2015 – 8:30 am Dept of Legislative Audit Conference Room, Pierre, SD or 9:00 conference call

July 7, 2015 – 9:00 am Conference call

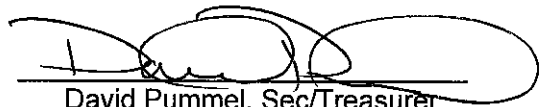
August 14, 2015 – 8:30 am Sioux Falls, SD - Location to be determined

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

All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 10:26 a.m.

  
John Mitchell, CPA, Chair

Attest:   
Nicole Kasin, Executive Director

  
David Pummel, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES  
BOARD COPY**

**Issued Through May 29, 2015**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Location</b>
3200	Valerie Joan Rieck	4/22/15	Jasper, MN
3201	Adam T. Niedermeier	5/11/15	Sioux Falls, SD
3202	Nejla Nicole Smith	5/11/15	Sioux Falls, SD
3203	William Reed Samson	5/15/15	Omaha, NE
3204	Austin Lee Eichacker	5/21/15	Rapid City, SD
3205	Kyle Ross Kopren	5/21/15	Rapid City, SD

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

**Issued Through  
May 29, 2015**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Basis/Comments</b>
1647	CPA Enterprise Solutions, LLC Peachtree City, GA	04/21/15	New Firm
1648	Johnson & Roggenbuck, PA Ortonville, MN	05/29/15	Name Change

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

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	331,620.81	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			331,620.81	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			331,620.81	DR **	
BUDGET UNIT TOTAL 1031			331,620.81	DR ***	

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 04/30/2015

AGENCY BUDGET UNIT CENTER-5	10 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
COMPANY NO 6503													
COMPANY NAME PROFESSIONAL & LICENSING BOARDS													
6503	1031000061802	51010100			CGEX150326		04/01/2015					2,046.00	DR
6503	1031000061802	51010100			CGEX150413		04/17/2015					2,232.00	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES													
6503	1031000061802	51010200			CGEX150326		04/01/2015					4,278.00	DR
6503	1031000061802	51010200			CGEX150413		04/17/2015					853.74	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES													
6503	1031000061802	51010300			CGEX150326		04/01/2015					1,768.03	DR
OBJSUB: 5101030 BOARD & COMM MBR'S FEES													
OBJECT: 5101 EMPLOYEE SALARIES													
6503	1031000061802	51020100			CGEX150326		04/01/2015					6,286.03	DR
6503	1031000061802	51020100			CGEX150413		04/17/2015					230.76	DR
OBJSUB: 5102010 CASI-EMPLOYER'S SHARE													
6503	1031000061802	51020200			CGEX150326		04/01/2015					462.02	DR
6503	1031000061802	51020200			CGEX150413		04/17/2015					173.98	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE													
6503	1031000061802	51020600			CGEX150326		04/01/2015					362.76	DR
6503	1031000061802	51020600			CGEX150413		04/17/2015					718.50	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE													
6503	1031000061802	51020800			CGEX150326		04/01/2015					1,437.00	DR
6503	1031000061802	51020800			CGEX150413		04/17/2015					1.74	DR
OBJSUB: 5102080 WORKER'S COMPENSATION													
6503	1031000061802	51020900			CGEX150326		04/01/2015					3.63	DR
6503	1031000061802	51020900			CGEX150413		04/17/2015					1.30	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION													
OBJECT: 5102 EMPLOYEE BENEFITS													
GROUP: 51 PERSONAL SERVICES													
6503	1031000061802	52032200			CGEX150406		04/08/2015					2,268.12	DR
OBJSUB: 5203220 AUTO-PRIV. (OUT-STATE) L/R													
6503	1031000061802	52032600			CGEX150409		04/10/2015					643.70	DR
6503	1031000061802	52032600			DC503012		04/17/2015					668.70	DR
OBJSUB: 5203260 AIR-COMM-OUT-OF-STATE													
6503	1031000061802	52032800			CGEX150409		04/10/2015					1,312.40	DR
OBJSUB: 5203280 OTHER-PUBLIC-OUT-OF-STATE													
6503	1031000061802	52033000			CGEX150406		04/08/2015					20.00	DR
6503	1031000061802	52033000			CGEX150409		04/10/2015					891.52	DR
OBJSUB: 5203300 OTHER-PUBLIC-OUT-OF-STATE													

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 04/30/2015

AGENCY	UNIT	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL. #,	OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
10	1031	LABOR & REGULATION	BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	OBJSUB:	5203300	LODGING/OUT-OF-STATE								1,783.04	DR *
					6503	103100061802	52033200	CGEX150406	04/08/2015	224638					38.00	DR
					6503	103100061802	52033200	CGEX150409	04/10/2015	228488					38.00	DR
					OBJSUB:	5203320	INCIDENTALS-OUT-OF-STATE								76.00	DR *
					6503	103100061802	52033500	CGEX150406	04/08/2015	224638					124.00	DR
					6503	103100061802	52033500	CGEX150409	04/10/2015	228488					89.00	DR
					OBJSUB:	5203350	NON-TAXABLE MEALS/OUT-ST								213.00	DR *
					OBJSUB:	5203	TRAVEL								3,494.84	DR **
					6503	103100061802	52040100	15256891	04/27/2015	00199394		THOMSONREU	12119109	02	282.23	DR
					OBJSUB:	5204010	SUBSCRIPTIONS								282.23	DR *
					6503	103100061802	52041800	DP503096	05/01/2015						897.87	DR
					6503	103100061802	52041800	DP503096	05/01/2015						987.85	DR
					6503	103100061802	52041800	DP503096	05/01/2015						897.87	CR
					OBJSUB:	5204180	COMPUTER SERVICES-STATE								987.85	DR *
					6503	103100061802	52042000	PL503056	04/29/2015						55.36	DR
					6503	103100061802	52042000	RM503051	04/29/2015						97.66	DR
					OBJSUB:	5204200	CENTRAL SERVICES								153.02	DR *
					6503	103100061802	52042200	IN166635	04/03/2015	00192239		ABBUSINESS	12036980		73.12	DR
					OBJSUB:	5204220	EQUIPMENT SERV & MAINT								73.12	DR *
					6503	103100061802	52042300	15SC100002	04/29/2015	00199808		SUNSETOPRT	12043890		122.86	DR
					OBJSUB:	5204230	JANITORIAL & MAINT SERV								122.86	DR *
					6503	103100061802	52044900	ACCOUNTRENT2014	04/29/2015	02116644		MCGINNIBRO	12074040		1,269.45	DR
					OBJSUB:	5204490	RENTS-PRIVATE OWNED PROP.								1,269.45	DR *
					6503	103100061802	52045300	TL503151	04/29/2015	00192693		ATTMOBILIT	12279233		102.97	DR
					6503	103100061802	52045300	2872359210870315	04/03/2015						67.05	DR
					OBJSUB:	5204530	TELECOMMUNICATIONS SRVCS								170.02	DR *
					6503	103100061802	52045400	5159417006	04/22/2015	02115486		XCELENERGY	12023853		64.86	DR
					OBJSUB:	5204540	ELECTRICITY								64.86	DR *
					6503	103100061802	52045600	68332	04/08/2015	00193059		ECOWATER	12035896		22.35	DR
					OBJSUB:	5204560	WATER								22.35	DR *
					6503	103100061802	52047400	CI105A-042	04/29/2015	233034					80.65	DR
					6503	103100061802	52047400	CI105A-042	04/29/2015	233034					80.65	DR
					6503	103100061802	52047400	CI105A-042	04/29/2015	233034					80.65	CR
					OBJSUB:	5204740	BANK FEES AND CHARGES								80.65	DR *
					6503	103100061802	52049600	13618693	04/22/2015	00196887		NATLASSNST	12005047		2,703.25	DR
					OBJSUB:	5204960	OTHER CONTRACTUAL SERVICE								2,703.25	DR *



STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 04/30/2015

AGENCY BUDGET CENTER-5	UNIT 10310	LABOR & REGULATION BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	COMP CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	1031000061802	52050280	5204	CONTRACTUAL SERVICES	154840493	04/15/2015	00195338	INTUITINC	12131783	01	5,929.66	DR **
6503	1031000061802	52053200	5205	OFFICE SUPPLIES	39622	04/08/2015	00192786	BUSINESSPR	12003048		57.98	DR *
6503	1031000061802	5228000	5205	PRINTING-COMMERCIAL SUPPLIES & MATERIALS	T105-098	04/08/2015					24.00	DR *
			5205	PRINTING-COMMERCIAL SUPPLIES & MATERIALS							81.98	DR **
			5205	PRINTING-COMMERCIAL SUPPLIES & MATERIALS							129.26	DR **
			5228	OPER TRANS OUT -NON BUDGT							9,635.74	DR ***
			52	NONOP EXP/NONBGTD OP TR							18,189.89	DR *****
			6503	OPERATING EXPENSES							18,189.89	DR *****
			1031	OPERATING EXPENSES							18,189.89	DR *****
			1031	OPERATING EXPENSES							18,189.89	DR *****

**South Dakota Board of Accountancy**  
**Balance Sheet**  
As of April 30, 2015

	Apr 30, 15
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1130000 · Local Checking - Great Western	384.53
1140000 · Pool Cash State of SD	331,620.81
<b>Total Checking/Savings</b>	332,005.34
<b>Other Current Assets</b>	
1131000 · Interest Income Receivable	4,710.31
1213000 · Investment Income Receivable	1,058.55
<b>Total Other Current Assets</b>	5,768.86
<b>Total Current Assets</b>	337,774.20
<b>Fixed Assets</b>	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-139,057.37
<b>Total 1670000 · Computer Software</b>	1,005.86
<b>Total Fixed Assets</b>	1,005.86
<b>TOTAL ASSETS</b>	<b>338,780.06</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110000 · Accounts Payable	5,717.80
<b>Total Accounts Payable</b>	5,717.80
<b>Other Current Liabilities</b>	
2430000 · Accrued Wages Payable	7,478.29
2810000 · Amounts Held for Others	19,276.88
<b>Total Other Current Liabilities</b>	26,755.17
<b>Total Current Liabilities</b>	32,472.97
<b>Long Term Liabilities</b>	
2960000 · Compensated Absences Payable	16,686.44
<b>Total Long Term Liabilities</b>	16,686.44
<b>Total Liabilities</b>	49,159.41
<b>Equity</b>	
3220000 · Unrestricted Net Assets	254,742.87
3300100 · Invested In Capital Assets	1,005.94
3900 · Retained Earnings	4,512.55
Net Income	29,359.29
<b>Total Equity</b>	289,620.65
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>338,780.06</b>

# South Dakota Board of Accountancy

## Profit & Loss Budget vs. Actual

### July 2014 through April 2015

Ordinary Income/Expense	Jul '14 - Apr 15	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-50.00			
4293550 · Initial Individual Certificate - Other	2,225.00	2,200.00	25.00	101.1%
<b>Total 4293550 · Initial Individual Certificate</b>	<b>2,175.00</b>	<b>2,200.00</b>	<b>-25.00</b>	<b>98.9%</b>
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-10.00			
4293551 · Certificate Renewals-Active - Other	57,460.00	55,000.00	2,460.00	104.5%
<b>Total 4293551 · Certificate Renewals-Active</b>	<b>57,450.00</b>	<b>55,000.00</b>	<b>2,450.00</b>	<b>104.5%</b>
4293552 · Certificate Renewals-Inactive	20,050.00	19,000.00	1,050.00	105.5%
4293553 · Certificate Renewals-Retired				
5208005 · REFUNDS	-40.00			
4293553 · Certificate Renewals-Retired - Other	1,010.00	750.00	260.00	134.7%
<b>Total 4293553 · Certificate Renewals-Retired</b>	<b>970.00</b>	<b>750.00</b>	<b>220.00</b>	<b>129.3%</b>
4293554 · Initial Firm Permits	800.00	900.00	-100.00	88.9%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-150.00			
4293555 · Firm Permit Renewals - Other	14,210.00	15,000.00	-790.00	94.7%
<b>Total 4293555 · Firm Permit Renewals</b>	<b>14,060.00</b>	<b>15,000.00</b>	<b>-940.00</b>	<b>93.7%</b>
4293557 · Initial Audit	510.00	900.00	-390.00	56.7%
4293558 · Re-Exam Audit	1,590.00	2,460.00	-870.00	64.6%
4293560 · Late Fees-Initial Certificate	200.00			
4293561 · Late Fees-Certificate Renewals	2,600.00	3,700.00	-1,100.00	70.3%
4293563 · Late Fees-Firm Permit Renewals	300.00	800.00	-500.00	37.5%
4293564 · Late Fees-Peer Review	700.00	1,300.00	-600.00	53.8%
4293566 · Firm Permit Owners	92,270.00	78,000.00	14,270.00	118.3%
4293567 · Peer Review Admin Fee	1,125.00	5,650.00	-4,525.00	19.9%
4293568 · Firm Permit Name Change	200.00	100.00	100.00	200.0%
4293569 · Initial FAR	930.00	1,140.00	-210.00	81.6%
4293570 · Initial REG	450.00	660.00	-210.00	68.2%
4293571 · Inital BEC	450.00	930.00	-480.00	48.4%
4293572 · Re-Exam FAR	1,350.00	1,860.00	-510.00	72.6%
4293573 · Re-Exam REG	1,680.00	2,310.00	-630.00	72.7%
4293574 · Re-Exam BEC	1,590.00	2,310.00	-720.00	68.8%
4491000 · Interest and Dividend Revenue	3,578.78	8,500.00	-4,921.22	42.1%
4896021 · Legal Recovery Cost	1,175.00	1,000.00	175.00	117.5%
<b>Total Income</b>	<b>206,203.78</b>	<b>204,470.00</b>	<b>1,733.78</b>	<b>100.8%</b>
<b>Gross Profit</b>	<b>206,203.78</b>	<b>204,470.00</b>	<b>1,733.78</b>	<b>100.8%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	40,658.03	72,759.00	-32,100.97	55.9%
5101020 · P-T/Temp Emp Sal & Wages	22,057.83	18,779.00	3,278.83	117.5%
5101030 · Board & Comm Mbrs Fees	2,940.00	4,372.00	-1,432.00	67.2%
5102010 · OASI-Employer's Share	4,766.02	7,362.00	-2,595.98	64.7%
5102020 · Retirement-ER Share	3,722.16	5,492.00	-1,769.84	67.8%
5102060 · Health /Life Ins.-ER Share	17,603.25	22,007.00	-4,403.75	80.0%
5102080 · Worker's Compensation	37.68	254.00	-216.32	14.8%
5102090 · Unemployment Insurance	28.22	91.00	-62.78	31.0%
5203010 · Auto--State Owned	123.12	1,000.00	-876.88	12.3%
5203020 · Auto-Private-Ownes Low Mileage	180.80	400.00	-219.20	45.2%
5203030 · In State-Auto- Priv. High Miles	1,137.38	1,500.00	-362.62	75.8%
5203100 · In State-Lodging	673.75	1,000.00	-326.25	67.4%
5203120 · In State-Incidentals to Travel	10.00	100.00	-90.00	10.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	100.00	-100.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	400.00	-37.00	90.8%
5203220 · OS-Auto Private Low Mileage	90.40	100.00	-9.60	90.4%
5203260 · OS-Air Commercial Carrier	3,480.20	6,000.00	-2,519.80	58.0%
5203280 · OS-Other Public Carrier	121.31	500.00	-378.69	24.3%
5203300 · OS-Lodging	5,105.23	7,800.00	-2,694.77	65.5%

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

	<u>Jul '14 - Apr 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5203320 · OS-Incidentals to Travel	244.00	450.00	-206.00	54.2%
5203350 · OS-Non-Taxable Meals Overnight	543.00	1,300.00	-757.00	41.8%
5204010 · Subscriptions	845.81	1,000.00	-154.19	84.6%
5204020 · Dues and Membership Fees	3,440.00	3,900.00	-460.00	88.2%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	7,100.00	7,100.00	0.00	100.0%
5204160 · Workshop Registration Fees	3,475.00	6,000.00	-2,525.00	57.9%
5204180 · Computer Services-State	769.50	600.00	169.50	128.3%
5204181 · Computer Development Serv-State	3,182.70	10,400.00	-7,217.30	30.6%
5204200 · Central Services	7,183.57	7,000.00	183.57	102.6%
5204220 · Equipment Service & Maintenance	30.48	300.00	-269.52	10.2%
5204230 · Janitorial/Maintenance Services	1,228.60	1,560.00	-331.40	78.8%
5204340 · Computer Software Maintenance	686.60	1,500.00	-813.40	45.8%
5204360 · Advertising-Newspapers	938.33	1,000.00	-61.67	93.8%
5204440 · Newsletter Publishing	678.15	1,100.00	-421.85	61.7%
5204460 · Equipment Rental	2,437.00	4,000.00	-1,563.00	60.9%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	12,694.50	15,234.00	-2,539.50	83.3%
5204510 · Rent-Other	230.80	250.00	-19.20	92.3%
5204530 · Telecommunications Services	2,573.77	2,800.00	-226.23	91.9%
5204540 · Electricity	581.15	865.00	-283.85	67.2%
5204560 · Water	89.40	240.00	-150.60	37.3%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	1,710.00	-442.87	74.1%
5204740 · Bank Fees and Charges	4,119.69	5,500.00	-1,380.31	74.9%
5204960 · Other Contractual Services	60.96			
5205020 · Office Supplies	238.53	2,000.00	-1,761.47	11.9%
5205310 · Printing State	155.25	500.00	-344.75	31.1%
5205320 · Printing/Duplicating/Binding Co	170.70	1,000.00	-829.30	17.1%
5205330 · Supplemental Publications	1,055.00	700.00	355.00	150.7%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	2,562.25	2,000.00	562.25	128.1%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	1,786.62	4,800.00	-3,013.38	37.2%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	3,318.94	7,400.00	-4,081.06	44.9%
5228030 · Depreciation Expense	10,058.68	12,070.40	-2,011.72	83.3%
<b>Total Expense</b>	<b>176,844.49</b>	<b>257,195.40</b>	<b>-80,350.91</b>	<b>68.8%</b>
<b>Net Ordinary Income</b>	<b>29,359.29</b>	<b>-52,725.40</b>	<b>82,084.69</b>	<b>-55.7%</b>
<b>Net Income</b>	<b>29,359.29</b>	<b>-52,725.40</b>	<b>82,084.69</b>	<b>-55.7%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
**April 2015**

	<u>Apr 15</u>	<u>Apr 14</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	75.00	50.00	25.00	50.0%
4293552 · Certificate Renewals-Inactive	0.00	50.00	-50.00	-100.0%
4293554 · Initial Firm Permits	100.00	50.00	50.00	100.0%
4293557 · Initial Audit	60.00	60.00	0.00	0.0%
4293558 · Re-Exam Audit	120.00	270.00	-150.00	-55.6%
4293564 · Late Fees-Peer Review	200.00	0.00	200.00	100.0%
4293566 · Firm Permit Owners	325.00	1,500.00	-1,175.00	-78.3%
4293567 · Peer Review Admin Fee	75.00	150.00	-75.00	-50.0%
4293569 · Initial FAR	60.00	150.00	-90.00	-60.0%
4293570 · Initial REG	60.00	60.00	0.00	0.0%
4293571 · Initial BEC	30.00	90.00	-60.00	-66.7%
4293572 · Re-Exam FAR	30.00	504.70	-474.70	-94.1%
4293573 · Re-Exam REG	120.00	210.00	-90.00	-42.9%
4293574 · Re-Exam BEC	180.00	270.00	-90.00	-33.3%
4896021 · Legal Recovery Cost	325.00	1,250.00	-925.00	-74.0%
<b>Total Income</b>	<u>1,760.00</u>	<u>4,664.70</u>	<u>-2,904.70</u>	<u>-62.3%</u>
<b>Gross Profit</b>	1,760.00	4,664.70	-2,904.70	-62.3%
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	4,278.00	3,972.32	305.68	7.7%
5101020 · P-T/Temp Emp Sal & Wages	1,768.03	2,499.67	-731.64	-29.3%
5101030 · Board & Comm Mbrs Fees	240.00	240.00	0.00	0.0%
5102010 · OASI-Employer's Share	462.02	493.24	-31.22	-6.3%
5102020 · Retirement-ER Share	362.76	388.32	-25.56	-6.6%
5102060 · Health /Life Ins.-ER Share	1,437.00	3,852.30	-2,415.30	-62.7%
5102080 · Worker's Compensation	3.63	8.42	-4.79	-56.9%
5102090 · Unemployment Insurance	2.71	2.07	0.64	30.9%
5203260 · OS-Air Commercial Carrier	668.70	0.00	668.70	100.0%
5204010 · Subscriptions	282.23	0.00	282.23	100.0%
5204020 · Dues and Membership Fees	240.00	0.00	240.00	100.0%
5204200 · Central Services	153.02	56.40	96.62	171.3%
5204220 · Equipment Service & Maintenance	2.12	3.47	-1.35	-38.9%
5204230 · Janitorial/Maintenance Services	122.86	122.86	0.00	0.0%
5204460 · Equipment Rental	71.00	57.00	14.00	24.6%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	162.05	161.73	0.32	0.2%
5204540 · Electricity	61.16	58.11	3.05	5.3%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,325.00	-1,325.00	-100.0%
5204740 · Bank Fees and Charges	80.65	84.34	-3.69	-4.4%
5205020 · Office Supplies	0.00	296.13	-296.13	-100.0%
5205320 · Printing/Duplicating/Binding Co	20.70	0.00	20.70	100.0%
5205350 · Postage	0.00	1,000.00	-1,000.00	-100.0%
5228000 · Operating Transfers Out-NonBudg	129.26	184.97	-55.71	-30.1%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
<b>Total Expense</b>	<u>12,823.21</u>	<u>17,081.66</u>	<u>-4,258.45</u>	<u>-24.9%</u>
<b>Net Ordinary Income</b>	<u>-11,063.21</u>	<u>-12,416.96</u>	<u>1,353.75</u>	<u>10.9%</u>
<b>Net Income</b>	<u><u>-11,063.21</u></u>	<u><u>-12,416.96</u></u>	<u><u>1,353.75</u></u>	<u><u>10.9%</u></u>

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

	Jul '14 - Apr 15	Jul '13 - Apr 14	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	2,175.00	2,550.00	-375.00	-14.7%
4293551 · Certificate Renewals-Active	57,450.00	56,450.00	1,000.00	1.8%
4293552 · Certificate Renewals-Inactive	20,050.00	20,100.00	-50.00	-0.3%
4293553 · Certificate Renewals-Retired	970.00	820.00	150.00	18.3%
4293554 · Initial Firm Permits	800.00	350.00	450.00	128.6%
4293555 · Firm Permit Renewals	14,060.00	13,800.00	260.00	1.9%
4293557 · Initial Audit	510.00	540.00	-30.00	-5.6%
4293558 · Re-Exam Audit	1,590.00	1,980.00	-390.00	-19.7%
4293560 · Late Fees-Initial Certificate	200.00	200.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,600.00	2,300.00	300.00	13.0%
4293563 · Late Fees-Firm Permit Renewals	300.00	700.00	-400.00	-57.1%
4293564 · Late Fees-Peer Review	700.00	900.00	-200.00	-22.2%
4293566 · Firm Permit Owners	92,270.00	90,995.00	1,275.00	1.4%
4293567 · Peer Review Admin Fee	1,125.00	1,875.00	-750.00	-40.0%
4293568 · Firm Permit Name Change	200.00	175.00	25.00	14.3%
4293569 · Initial FAR	930.00	810.00	120.00	14.8%
4293570 · Initial REG	450.00	450.00	0.00	0.0%
4293571 · Initial BEC	450.00	420.00	30.00	7.1%
4293572 · Re-Exam FAR	1,350.00	1,854.70	-504.70	-27.2%
4293573 · Re-Exam REG	1,680.00	1,560.00	120.00	7.7%
4293574 · Re-Exam BEC	1,590.00	1,650.00	-60.00	-3.6%
4491000 · Interest and Dividend Revenue	3,578.78	5,207.41	-1,628.63	-31.3%
4896021 · Legal Recovery Cost	1,175.00	1,250.00	-75.00	-6.0%
<b>Total Income</b>	<b>206,203.78</b>	<b>206,937.11</b>	<b>-733.33</b>	<b>-0.4%</b>
<b>Gross Profit</b>	<b>206,203.78</b>	<b>206,937.11</b>	<b>-733.33</b>	<b>-0.4%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	40,658.03	39,947.39	710.64	1.8%
5101020 · P-T/Temp Emp Sal & Wages	22,057.83	20,686.22	1,371.61	6.6%
5101030 · Board & Comm Mbrs Fees	2,940.00	2,520.00	420.00	16.7%
5102010 · OASI-Employer's Share	4,766.02	4,664.03	101.99	2.2%
5102020 · Retirement-ER Share	3,722.16	3,638.03	84.13	2.3%
5102060 · Health /Life Ins.-ER Share	17,603.25	17,481.90	121.35	0.7%
5102080 · Worker's Compensation	37.68	78.82	-41.14	-52.2%
5102090 · Unemployment Insurance	28.22	19.44	8.78	45.2%
5203010 · Auto--State Owned	123.12	446.08	-322.96	-72.4%
5203020 · Auto-Private-Owne Low Mileage	180.80	180.80	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	1,137.38	694.86	442.52	63.7%
5203100 · In State-Lodging	673.75	350.00	323.75	92.5%
5203120 · In State-Incidentals to Travel	10.00	0.00	10.00	100.0%
5203140 · InState-Tax Meals Not Overnight	0.00	9.00	-9.00	-100.0%
5203150 · InState-Non-Tax Meals OverNight	363.00	215.00	148.00	68.8%
5203220 · OS-Auto Private Low Mileage	90.40	0.00	90.40	100.0%
5203260 · OS-Air Commercial Carrier	3,480.20	2,934.44	545.76	18.6%
5203280 · OS-Other Public Carrier	121.31	42.00	79.31	188.8%
5203300 · OS-Lodging	5,105.23	3,426.62	1,678.61	49.0%
5203320 · OS-Incidentals to Travel	244.00	135.00	109.00	80.7%
5203350 · OS-Non-Taxable Meals Overnight	543.00	467.00	76.00	16.3%
5204010 · Subscriptions	845.81	501.20	344.61	68.8%
5204020 · Dues and Membership Fees	3,440.00	3,200.00	240.00	7.5%
5204040 · Consultant Fees-Accounting	7,100.00	0.00	7,100.00	100.0%
5204160 · Workshop Registration Fees	3,475.00	1,835.00	1,640.00	89.4%
5204180 · Computer Services-State	769.50	657.00	112.50	17.1%
5204181 · Computer Development Serv-State	3,182.70	6,453.10	-3,270.40	-50.7%
5204200 · Central Services	7,183.57	5,173.84	2,009.73	38.8%
5204220 · Equipment Service & Maintenance	30.48	48.04	-17.56	-36.6%
5204230 · Janitorial/Maintenance Services	1,228.60	1,228.60	0.00	0.0%
5204340 · Computer Software Maintenance	686.60	0.00	686.60	100.0%
5204360 · Advertising-Newspapers	938.33	0.00	938.33	100.0%
5204440 · Newsletter Publishing	678.15	0.00	678.15	100.0%
5204460 · Equipment Rental	2,437.00	2,361.00	76.00	3.2%
5204490 · Rents Privately Owned Property	12,694.50	12,694.50	0.00	0.0%
5204510 · Rent-Other	230.80	200.00	30.80	15.4%

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

	<u>Jul '14 - Apr 15</u>	<u>Jul '13 - Apr 14</u>	<u>\$ Change</u>	<u>% Change</u>
5204530 · Telecommunications Services	2,573.77	2,712.03	-138.26	-5.1%
5204540 · Electricity	581.15	577.21	3.94	0.7%
5204560 · Water	89.40	67.05	22.35	33.3%
5204590 · Insurance Premiums/Surety Bonds	1,267.13	1,325.00	-57.87	-4.4%
5204740 · Bank Fees and Charges	4,119.69	3,845.55	274.14	7.1%
5204960 · Other Contractual Services	60.96	724.50	-663.54	-91.6%
5205020 · Office Supplies	238.53	673.09	-434.56	-64.6%
5205310 · Printing State	155.25	199.70	-44.45	-22.3%
5205320 · Printing/Duplicating/Binding Co	170.70	159.75	10.95	6.9%
5205330 · Supplemental Publications	1,055.00	387.50	667.50	172.3%
5205340 · Microfilm Supplies/Materials	0.00	176.15	-176.15	-100.0%
5205350 · Postage	2,562.25	1,000.00	1,562.25	156.2%
5207900 · Computer Hardware	1,786.62	-238.63	2,025.25	848.7%
5228000 · Operating Transfers Out-NonBudg	3,318.94	3,339.32	-20.38	-0.6%
5228030 · Depreciation Expense	10,058.68	10,058.60	0.08	0.0%
<b>Total Expense</b>	<u>176,844.49</u>	<u>157,295.73</u>	<u>19,548.76</u>	<u>12.4%</u>
<b>Net Ordinary Income</b>	<u>29,359.29</u>	<u>49,641.38</u>	<u>-20,282.09</u>	<u>-40.9%</u>
<b>Net Income</b>	<u><u>29,359.29</u></u>	<u><u>49,641.38</u></u>	<u><u>-20,282.09</u></u>	<u><u>-40.9%</u></u>

**CPE Audit Review Committee**

5-26-15

The committee met to discuss the current guidelines followed in regards to failed CPE audits.

A review was conducted on the states in the Central Region to see how CPE audit failures are handled and if any fines are imposed or other sanctions by those boards.

Here are the current guidelines followed by the committee:

Proposed Negotiated Consent Agreements will be made with these terms:

1. Licensees that failed their CPE audit shall make up the required hours within 90 days of the signed consent agreement.
2. If a licensee has to roll hours back from prior years to fulfill CPE requirements, a CPE extension will be placed on their file.
3. Proof of documentation of completed CPE courses granted through the extensions must be filed with the board.
4. CPA will be required to undergo CPE audit for the next three renewal periods.
5. CPA will not be eligible to be granted an extension to complete CPE for the next three renewal periods.
6. CPA will receive a public reprimand if they fail in a category of 4, 5, or 6 or use deception in their reporting.
7. CPA will be fined (as described in agreement) and must pay fine within 30 days of signed consent agreement.

Proposed Fines for failure of CPE Audits:

Failed Level	Status	Fine Amount
1 criteria	Responsive to Requests	\$50
1 criteria	Nonresponsive to Requests	\$100
2 criteria	Responsive to Requests	\$75
2 criteria	Nonresponsive to Requests	\$150
3 criteria	Responsive to Requests	\$100
3 criteria	Nonresponsive to Requests	\$200
4 criteria	Responsive to Requests	\$150
4 criteria	Nonresponsive to Requests	\$300
5 criteria	Responsive to Requests	\$200
5 criteria	Nonresponsive to Requests	\$400
6 criteria	Responsive to Requests	\$250
6 criteria	Nonresponsive to Requests	\$500
Any category	Deception	\$1000

With a CPE audit there are 6 criteria in the 3 years to pass the audit. In each year of the audit the CPA must complete a minimum of 20 CPE hours. Then using the 3 year rolling period, the CPA must meet the minimum of 120 CPE hours total at the end of each of years being audited.

If an individual does not want to enter into a consent agreement with the Board, then the procedures for a notice of hearing will be followed.



Notes: Responsive defined 20:75:05:16  
Subject to Review of CPE 20:75:04:11

From the committee discussion here is the recommendation for changes with the fine amount to be discussed by the board.

Proposed Negotiated Consent Agreements will be made with these terms:

1. Licensees that failed their CPE audit shall make up the required hours within 90 days of the signed consent agreement.
2. If a licensee has to roll hours back from prior years to fulfill CPE requirements, a CPE extension will be placed on their file.
3. Proof of documentation of completed CPE courses granted through the extensions must be filed with the board.
4. CPA will be required to undergo CPE audit for the next three renewal periods.
5. CPA will not be eligible to be granted an extension to complete CPE for the next three renewal periods.
6. CPA will receive a public reprimand if they fail in a category of 4, 5, or 6 or use deception in their reporting.
7. CPA will be fined (as described in agreement) and must pay fine within 30 days of signed consent agreement.

Proposed Fines for failure of CPE Audits:

Failed Level	Status	Fine Amount
1 criteria	Responsive to Requests	\$150 - \$200 - \$250
2 criteria	Responsive to Requests	\$200 - \$250 - \$300
3 criteria	Responsive to Requests	\$250 - \$300 - \$350
4 criteria	Responsive to Requests	\$300 - \$350 - \$400
5 criteria	Responsive to Requests	\$350 - \$400 - \$450
6 criteria	Responsive to Requests	\$400 - \$450 - \$500
Any category	Nonresponsive to Requests	The criteria fine is doubled
Any category	Deception/Fraud	\$1000

With a CPE audit there are 6 criteria in the 3 years to pass the audit. In each year of the audit the CPA must complete a minimum of 20 CPE hours. Then using the 3 year rolling period, the CPA must meet the minimum of 120 CPE hours total at the end of each of years being audited.

If an individual does not want to enter into a consent agreement with the Board, then the procedures for a notice of hearing will be followed.

Notes: Responsive defined 20:75:05:16  
Subject to Review of CPE 20:75:04:11

## **EXECUTIVE DIRECTOR'S REPORT**

Nicole Kasin

### **NASBA Information**

Ted Lodden, Iowa, has been nominated for the NASBA Vice Chair 2015-2016.

### **CPA Exam – Fee Increase**

Effective for candidates that have a notice to schedule issued after 1:00 pm on July 17, Prometric will increase their seat time from \$19.52 to \$19.85 per hour and the security fee will increase from \$5.95 per section to \$6.05 per section.

All candidates will receive an email in regards to this and the information will also be placed on our website.

### **Online Renewals**

Renewals will begin June 15, 2015. Reminder postcards will be sent out and the online program will open on June 15.

### **Database discussion update**

I am currently working with Amber Mulder, DLR Attorney, staff from Bureau of Information and Telecommunications, and a vendor to work collectively and bring a contract to the board for a new database.

### **Sole Practitioner/ Deceased Practitioner/Successor Plan – follow-up**

There are 4 states with rules in regarding deceased practitioners:

**Mississippi – (b) Death of a Sole Proprietor:** Upon written authorization from the executive director, a sole proprietorship may continue to operate for a period of up to 12 months following the death of the sole proprietor. The executive director, subject to ratification by the Board at the next Board meeting, may permit the continued operation of the sole proprietorship when the following has been provided:

- (1) a copy of the sole proprietor's death certificate;
- (2) a copy of the power of attorney from the sole proprietor's executor, administrator, or heir designating a CPA licensee or registration holder in good standing with the Board to manage the sole proprietorship on behalf of such party. When such party is not a licensee or registration holder, the power of attorney must authorize a licensee or registration holder to manage the sole proprietorship on behalf of such party; and
- (3) written evidence that a disruption in the continuation of the sole proprietorship would jeopardize the survivability of the firm.

**Arkansas -** Upon the death or incapacity of a licensee or the closing of an accounting firm for any reason, including bankruptcy, the Board may in its discretion, based upon the merits and circumstances of each case, permit the accounting firm to continue operating for a period of time not to exceed one hundred eighty (180) days under the supervision of a person approved by the Board and subject to conditions prescribed by the Board.

**South Carolina - Safeguarding Client Files When a Licensee is Incapacitated, Disappears, or Dies.**

(A) Each licensee shall designate a partner, personal representative, or other responsible party to assume responsibility for client files in the case of incapacity or death of the licensee.

(B) Where the licensee is incapacitated, disappears, or dies, and no responsible party is known to exist, the Administrator of the Board may petition the Board for an order appointing another licensee or licensees to inventory the files and to take actions as appropriate to protect the interests of the clients. The order of appointment shall be public.

(C) The appointed licensee shall:

(1) Take custody of the licensee's files and trust or escrow accounts.

(2) Notify each client in a pending matter and, in the discretion of the appointed licensee, in any other matter, at the client's address shown in the file, by first class mail, of the client's right to obtain any papers, money or other property to which the client is entitled and the time and place at which the papers, money or other property may be obtained, calling attention to any urgency in obtaining the papers, money or other property;

(3) Publish, in a newspaper of general circulation in the county or counties in which the licensee resided or engaged in any substantial practice of accounting, once a week for three consecutive weeks, notice of the discontinuance or interruption of the accountant's practice. The notice shall include the name and address of the licensee whose practice has been discontinued or interrupted; the time, date and location where clients may pick up their files; and the name, address and telephone number of the appointed licensee. The notice shall also be mailed, by first class mail, to any errors and omissions insurer or other entity having reason to be informed of the discontinuance or interruption of the accounting practice;

(4) Release to each client the papers, money or other property to which the client is entitled. Before releasing the property, the appointed licensee shall obtain a receipt from the client for the property;

(5) With the consent of the client, file notices or petitions on behalf of the client in tax or probate matters where jurisdictional time limits are involved and other representation has not yet been obtained; and

(6) Perform any other acts directed in the order of appointment.

**Texas** - Upon written authorization from the executive director, a sole proprietorship may continue to operate for a period of up to 15 months following the death of the sole proprietor. The executive director, subject to ratification at the next board meeting, may permit the continued operation of the sole proprietorship when he has been provided with:

(1) a certified copy of the sole proprietor's death certificate;

(2) a copy of the power of attorney from the sole proprietor's executor, administrator, or heir designating a certificate or registration holder in good standing with the board to manage the sole proprietorship on behalf of such party. When such party is not a certificate or registration holder, the power of attorney must authorize a certificate or registration holder to manage the sole proprietorship on behalf of such party; and

(3) written evidence that a disruption in the continuation of the sole proprietorship would jeopardize the survivability of the firm.

**North Carolina POLICY** - Board worked with their society and developed more of practical forms/checklists, not just specifically for sole practitioners, but the society placed the information on their website as a model to use with supporting implementation checklists.

**Board Discussion**

- Any New Business/topics?

## **Executive Summary of the Recommended Revisions to the CPE Standards by the Joint AICPA/NASBA CPE Standards Committee:**

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 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 recommendation to NASBA's CPE Committee, which in turn makes its recommendation to a Joint Committee on CPE Standards made up of representatives from the AICPA and NASBA.

The Working Group made its recommended changes to the *Standards*. NASBA's CPE Committee reviewed the recommendation and approved the recommendation with a minor revision at its January 2015 meeting.

In February 2015, the Joint Committee of CPE Standards reviewed and finalized its recommendation of changes to the *Standards* and request approval of its recommendation for exposure draft from the respective AICPA and NASBA Boards of Directors at their April 2015 meetings.

### **Overall:**

The most significant changes to the *Standards* are the recommendations to add two new delivery methods for continuing professional education programs: nano-learning and blended learning. The recommended changes are summarized as follows:

### **Introduction:**

#### **Clarifications -**

- Removed history of 2012 revisions to the *Standards* and clarified the revision process.

### **Definitions:**

#### **Clarifications -**

- Revised definitions for group live and group internet based programs to focus the definitions from how the program is delivered by the instructor to how the program is being received by the participants.
- Minor revisions/adjustments to definitions of other terms.

#### **Additions -**

- Definitions added for the following terms: asynchronous, blended learning program, nano-learning program, pre-program assessment, qualified assessment, social learning, synchronous, and tutorial.

### **General Guidelines for CPAs:**

#### **Clarifications -**

- Minor revisions and modifications to conform references to other sections of the *Standards*.

## **Standards for CPE Program Sponsors:**

### **Program Development:**

#### **Clarifications -**

- Minor revisions and modifications to conform references to other sections of the *Standards*.
- Clarified the license requirement of CPA whose involvement is required in the development of every accounting and auditing course. Similar clarification of CPA, tax attorney or enrolled agent who is required in the development of courses if in the field of taxes.
- Clarifications of the requirements for both group live and group internet based courses once the program has been recorded for future presentation.
- Clarification for self-study programs that permit the qualified assessment to occur during or at the conclusion of the program.
- Clarification that simulations and other innovative tools that guide the participants through structured decisions can be used in lieu of review questions for self-study programs.

#### **Additions –**

- Added the responsibilities of the CPE provider if the course content is purchased from another entity rather than developed in-house.
- Standard added for the development of group live programs—delivery method not separately identified in the 2012 *Standards*. The Standard requires that group live programs must include an element of participant engagement per CPE credit within the program.
- Included the requirement that the qualified assessment for a self-study program must measure a representative number of learning objectives for the program and defined a representative number.
- Added parameters to be used when a pre-program assessment is used in a self-study program.
- Standard added for the development of nano-learning programs, including details on the qualified assessment requirements and program re-takes for participants.
- Standard added for the development of blended learning programs, including guidelines on the composition of the programs.

### **Program Presentation:**

#### **Clarifications -**

- Minor revisions and modifications to conform references to other sections of the *Standards*.

### **Program Measurement:**

#### **Clarifications -**

- Clarified the portions of programs that should be eligible towards credit amounts (e.g., excludes breaks, housekeeping items, etc.).
- Provided guidance to allocate CPE credits when multiple fields of study are used in a learning program.
- Clarified that a participant's self-certification of attendance at a group program alone is not sufficient. The CPE provider must employ additional attendance monitoring procedures.
- Clarified that pre-program assessments in self-study programs may not be included in the determination of the CPE credit awarded for the program.
- Paragraph S17-07 clarifies the application of the word count formula for a self-study program when the program constitutes a video.

Additions –

- Included the measurement of one-fifth (0.20 credit) credit for nano-learning and for group programs after the first credit has been earned.
- Standard added for the measurement of nano-learning programs.
- Standard added for the measurement of blended learning programs.
- Paragraph S20-03 added to permit CPE credit to be awarded to technical reviewers of CPE programs for the actual review time up to the actual number of CPE credits for the program.

**Program Reporting:**

Additions -

- Paragraph S23-02 added to ease administrative burden of issuing certificates of completion for CPE providers that offer simultaneous delivery of a group live and group internet based program.
- Added a requirement for CPE providers to maintain the license information and status of CPA, tax attorney and/or enrolled agent used in the development of accounting, auditing and tax programs. The program descriptive materials (course announcement information) must also be maintained.

# **EXPOSURE DRAFT**

## **Statement on Standards for Continuing Professional Education (CPE) Programs**

**Jointly Issued by the American Institute of  
Certified Public Accountants (AICPA) and the  
National Association of State Boards of  
Accountancy (NASBA)**

April 2015

**Please submit comments by October 1, 2015 to:**

Clar Rosso at [crosso@aicpa.org](mailto:crosso@aicpa.org)

or

Jessica Luttrull at [jluttrull@nasba.org](mailto:jluttrull@nasba.org)

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## ***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. 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***

- 01.** 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 and current knowledge, skills, and abilities 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.<sup>1</sup>
- 02.** 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.
- 03.** 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.
- 04.** 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. 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.
- 05.** 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.
- 06.** These *Standards* create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

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<sup>1</sup> 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.** 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 participants should accomplish in 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.

**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 that is given before the participant has access to the course content of the program.

**Professional competence.** Having requisite knowledge, skills, and abilities 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.** Method 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.** Participants engage 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

**2.01 Professional Competence.** All CPAs should participate in learning activities that maintain and/or improve their professional competence.<sup>2</sup>

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. 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.learningmarket.org](http://www.learningmarket.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; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

**2.02 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.

**2.03 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.

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.

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<sup>2</sup> 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.



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.

**2.04 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.

**2.05 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 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 written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor.
  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**

### **3.01 - 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.

### **3.02 - 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 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 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 equivalent) 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 equivalent) 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.
- Review and sign the written report developed by the participant in independent study.
- 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.**

**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 (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.**

**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.

**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. 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 but 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.

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.

**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 – 04. 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.

### **3.03 - 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 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, 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 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.)

**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.

### **3.04 - 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 10-minute period) and one-half (0.50 credit equal to 25-minute period) CPE credits under the following scenarios:**

- Group – after the first credit has been earned.
- Self study – one-half increments (equal to 25 minutes) are permitted.
- Nano-learning – one-fifth increments (equal to 10 minutes) are permitted.

**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. Thus, learning activities with segments totaling 140 minutes would be granted two and four-fifths CPE credits.

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 equivalent 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, 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.

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

**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.

### **3.05 - Standards for CPE Program Reporting**

**Standard No. 23. CPE program sponsors must provide program participants at or 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 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.
- 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.

**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:

1. For group live programs , instances of engagement per S7-01 must be incorporated during the next CPE program review/revision date.



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

*A provocative vision of what practice  
monitoring could become*

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

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



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## Imagine

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

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

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

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

## Introduction

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

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

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

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

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

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

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

## **Executive Summary**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Background**

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

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

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

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

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

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

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

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

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

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

### **Program Features and Functions**

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

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

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

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

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

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

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

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

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

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

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

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

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

### *Periodic Inspections and Oversight*

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

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

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

## **Phased Approach**

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

### **Initial Phase**

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

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

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



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

### **Future Phases**

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

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

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

### **Internal and External Reporting**

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

#### **Dashboard**

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

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

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

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

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

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

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

### **Internal Seal**

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

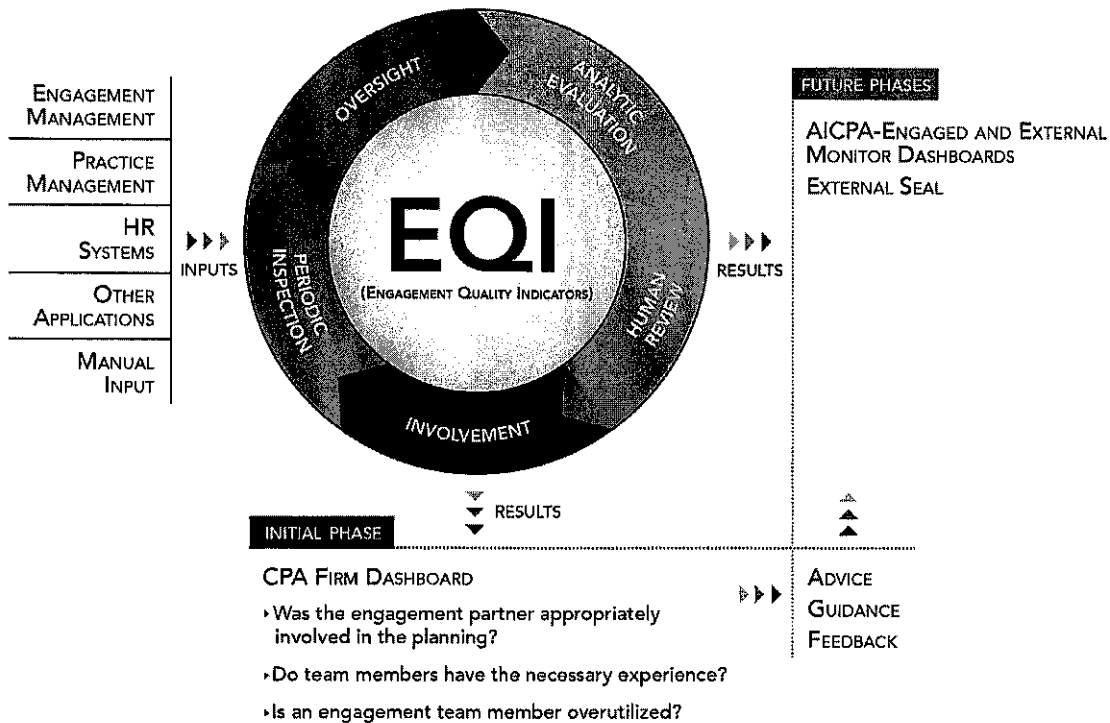
### **External Seal**

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

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

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

## THE PRACTICE MONITORING OF THE FUTURE CONCEPT



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

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

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

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

## **Looking Ahead**

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

### **Regulatory Compliance**

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

## Technology

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

## Legal Review

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

## Stakeholder Feedback

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

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

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

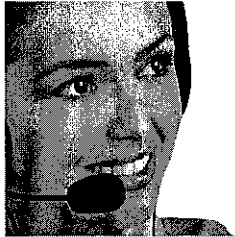
- What engagement quality indicators would you find useful from an internal firm perspective?
- What would you like to know about your firm's practice in order to self-monitor and manage quality?
- What risks do you see in developing a more real-time system?
- Who should "monitor" or perform the review?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

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

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

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

Will A. Foster, Business Executive



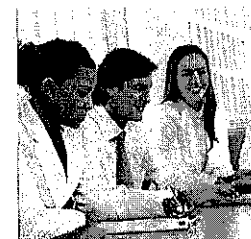
# NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

## CANDIDATE CONCERNS 15Q1

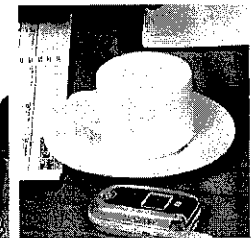
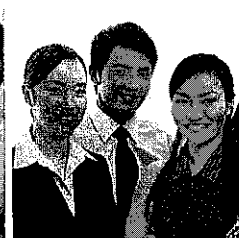
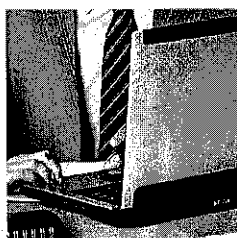
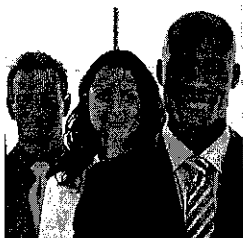
CANDIDATE CARE DEPARTMENT

**JANUARY 1-FEBRUARY 28, 2015**



PENNY VERNON, MANAGER

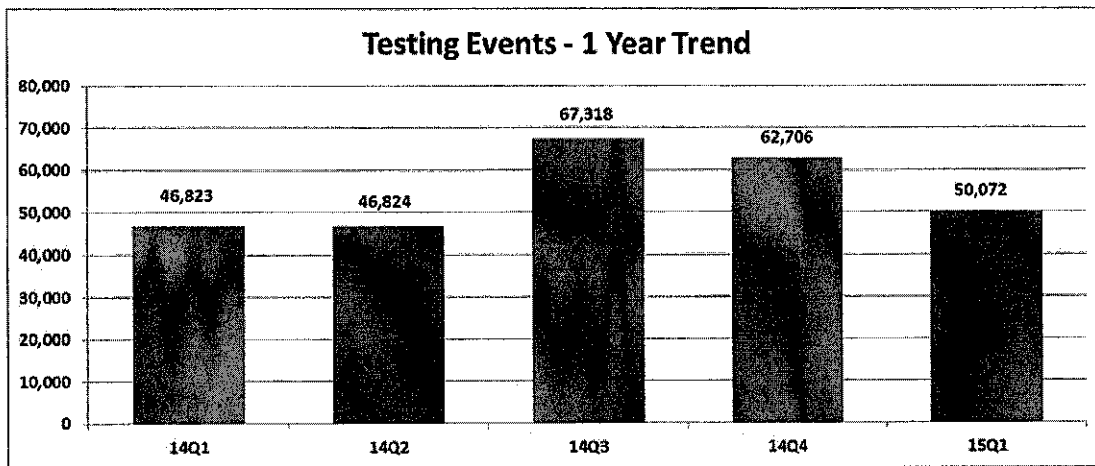
150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417 Tel 615/880-4200 fax 615/880-4290  
Web [www.nasba.org](http://www.nasba.org)



## CANDIDATE CARE CONCERNS 15Q1

January 1-February 28, 2015

This report summarizes concerns sent to NASBA's Candidate Care Department by CPA candidates during the first testing window of 2015.



### Summary of Candidate Concerns

Category	14Q1	14Q2	14Q3	14Q4	15Q1
AICPA & Test Content	16	6	15	21	12
Candidate Error	57	71	92	73	61
Confirmation of Attendance	124	110	161	135	101
Environment	160	0	0	10	158
International Exam	83	65	67	56	55
Prometric Scheduling Issues	21	15	24	26	21
Prometric Site Issues	49	38	47	53	50
Technical	118	95	116	114	110
Subtotal	628	400	522	488	568
*Coordinator follow-up	281	318	383	402	410
*CPAES & NCD	139	145	172	230	203
Total	1048	863	1077	1120	1181



### **Let It Snow!**

The first testing window of 2015 was plagued by severe winter weather, which affected candidates in many states. NASBA and Prometric worked diligently to assist candidates who were displaced because of travel conditions and site closures. In some instances, particularly in the Northeast, candidates needed to be rescheduled several times during the window due to repeated ice and snow events. There were 1384 candidates who needed to be rescheduled as a result of the closure of 191 testing centers. Others who were unable to make their scheduled appointments due to hazardous roads were advised to send an Exception to Policy form to NASBA's Candidate Care Department, along with documentation of the conditions in their areas for consideration on a case-by-case basis.

Due to storms that occurred at the very end of the testing window, some candidates were rescheduled into the emergency window during the first week of March.

### **Survey Comments**

In the past, NASBA's Candidate Care Department has intermittently monitored the comments left by candidates in a survey at the end of each examination. The objective was to assess any possible negative trends in the candidate experience that might require intervention by NASBA, the AICPA, and/or Prometric. When candidates leave comments in the survey, they are advised that doing so does not take the place of filing a formal complaint, and they are instructed to review the Confirmation of Attendance received at the end of each exam for instructions on how to file a formal complaint.

Going forward, NASBA's Candidate Care Department will review all of the comments left by candidates on a daily basis throughout each testing window. In situations where it appears that there was a significant issue that may have adversely affected the candidate's performance, the candidate will be sent an email reminder from Candidate Care with instructions for filing a formal complaint within the five day time limit.

In reviewing the comments during the 15Q1 testing window, there were three issues that were repeatedly reported as concerns by candidates:

1. **On-screen Calculator:** It appears that many candidates struggle with the functioning of the on-screen calculator. If this occurs, they may request to use a hand-held calculator provided by the Prometric testing center.
2. **Note Boards and Markers:** Some candidates report that using the noteboards and markers in lieu of scratch paper and pencils is awkward and inefficient. Candidates may request scratch paper and pencils by contacting NASBA's Testing Accommodations

department prior to their scheduled appointments to obtain approval for these items.

3. **Key Board Noise:** Candidates report that they are bothered by the noise of other candidates around them typing loudly on their keyboards. These candidates are provided with noise cancelling head phones but may also bring their own ear plugs, which will be inspected at check-in.

### **Prometric Monitors**

Prometric has upgraded all of the monitors at their domestic testing centers with plans to do the same at their international sites as well.

The new monitors are 23" wide-screen LCD monitors, providing high-definition images, greater image scalability, brighter colors and higher contrast. However, currently, all of the CPA exams have black borders around them on the screen, which will remain until the exam is published to fit the new monitor size. Candidates are being cautioned not to try to change the settings to increase the size of the display.

### **Pre-approved Testing Accommodations**

To prevent potential candidate confusion concerning personal items that are permitted at the testing centers and to eliminate the need for some candidates to go through the Testing Accommodations scheduling process, Prometric is now offering a list of pre-approved items for Testing Accommodations on its website: <https://www.prometric.com/en-us/for-test-takers/prepare-for-test-day/documents/Permissible-items.pdf>.

NASBA's Candidate Care Department continues to value the opportunity to act as an advocate for all of your candidates. We welcome any suggestions that would enable us to enhance the candidate experience. If you wish to contact me, you may call my direct line at 615-880-4209 or email me at [pvernon@nasba.org](mailto:pvernon@nasba.org).

Sincerely,

Penny Vernon  
Manager, Candidate Care  
NASBA

# National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors

January 23, 2015 – Marriott Marco Island, FL

## 1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Walter C. Davenport at 9:00 a.m. on Friday, January 23, 2015 at the Marriott Marco Island Resort in Florida.

## 2. Report of Attendance

President Ken L. Bishop reported the following were present:

### Officers

Walter C. Davenport, CPA (NC), Vice 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 A. Caldwell, CPA (FL), Southeast Regional Director

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

Russ Friedewald (IL) – Executive Directors Committee Liaison

### Staff

Ken L. Bishop, President and Chief Executive Officer

Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer  
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer  
Alfonzo Alexander, President – NASBA Center for the Public Trust  
Louise Dratler Haberman, Vice President - Information and Research  
Thomas G. Kenny, Director - Communications  
Noel L. Allen, Esq., Outside Legal Counsel

### 3. Approval of Minutes

Secretary Laurie Tish presented the minutes of the Board of Directors' October 30, 2014 and November 4, 2014 meetings and moved for their approval. Vice Chair Burkett seconded and by voice vote the minutes were approved with corrections.

### 4. Report of the Chair

Chair Davenport welcomed all to the first full meeting of the NASBA 2014-15 Board of Directors. He reported that he had been honored to be the keynote speaker at the Mississippi CPA candidates' certificate ceremony. He had also attended a dinner for the American Accounting Association's Ph.D. Project, which helps minority students pursue their doctorates, with the ultimate goal of their becoming professors to inspire other minority group members to enter the profession. NASBA has pledged to be one of the sponsors of the program at the \$25,000 level. He reported over 200 individuals are currently pursuing their Ph.D.s, with the encouragement of the program. Past Chair Carlos Johnson added that 60 new students will be accepted to the program this year, which provides networking and counseling, but not scholarships. The AICPA and several large accounting firms are also co-sponsors.

Chair Davenport congratulated the NASBA Center for the Public Trust for partnering with Baruch College of the City University of New York for their informative Annual Auditing Conference Ensuring Integrity, which he attended. He also thanked the Accountancy Board of Ohio for inviting NASBA leaders to meet with them.

President Ken Bishop reported the Ohio Board has been discussing how to react to limited information about some of their licensees received from the Department of Labor. NASBA is encouraging the Board to seek additional information so that they can move ahead with enforcement if needed. The DOL expects the State Boards to step up and take action, President Bishop told the Board. Executive Vice President Colleen Conrad explained that, due to certain aspects of the Federal Trade Secrets laws, the DOL believes it cannot send the State Boards detailed information. NASBA will continue its discussions with the DOL to search for a path forward to gain access to DOL inspection files.

It was noted by Board members that other federal agencies send referrals directly to the state boards, while DOL is sending the majority of the referrals to the AICPA instead.

President Bishop said NASBA is concerned that the DOL does not report to the Boards first. The AICPA does have a team of ERISA experts to look at these complaints, and the State Boards often have to look for outside experts in these cases, Ms. Conrad observed. She reported that NASBA has spoken to the AICPA about establishing a procedure so that when there is a

nexus the Board could use the AICPA's findings with the CPA's permission, as a way to avoid a double investigation. Another alternative would be for NASBA to identify ERISA experts in different parts of the country to assist the Boards in their investigations, she said. NASBA

Director-at-Large Harry Parsons, who chairs the NASBA Enforcement Resources Committee, said his committee has been working for years to get cooperation with the federal agencies. Relationships continue to be strengthened and he said it is critical for the Boards to work expeditiously through any federal agency referral to prevent what has been accomplished from being undone.

Chair Davenport suggested this be part of the discussion held with the Boards at the Regional Meetings. Ms. Conrad noted it will also be included in the agenda for the Executive Directors Conference in March.

In the past few weeks, Mr. Davenport had attended meetings of several NASBA committees and he reported they displayed a lot of enthusiasm about their work. He thanked all those who had agreed to chair those groups this year. Noting that the summit meeting with AICPA leadership will be held February 5-6, he asked the Board of Directors to bring him any questions they would like addressed at that meeting.

## 5. Report of the President

President Bishop reported on the staff holiday celebrations and other employee programs, and thanked Alfonzo Alexander and Lisa Dampf for leading those efforts. He also reported a contribution was made to the Knights of Columbus in memory of Senior Software Developer Michael Semich.

Financial Accounting Foundation CEO Terri Polley met with Mr. Bishop and Ms. Conrad to update NASBA on the work of the FAF. The Public Company Council is coming up for sunset review soon and NASBA has been advocating for its continuation under the leadership of NASBA Past Chair Billy Atkinson.

Ms. Conrad reported on her attendance at the AICPA SEC conference and the FASAC meeting. She had also participated in a staff-to-staff NASBA/PCAOB meeting, which included PCAOB Director of the Division of Enforcement Claudius Modesti and NASBA Compliance Services Director Maria Caldwell. PCAOB has great interest in exploring the possibility of placing their enforcement actions on ALD/CPA Verify. The NASBA Enforcement and ALD Committees will explore this possibility. Ms. Conrad also reported NASBA staff had met with AICPA staff to discuss the competency framework the Institute is developing. They expect to release a management accounting framework soon.

This year 13 Accountancy Boards' meetings included on their agendas a report from NASBA Vice President – Relations with Member Boards Dan Dustin, President Bishop reported, the same number that Mr. Dustin visited the previous year. Mr. Dustin continues to follow up on the State Boards' responses to Focus Questions. President Bishop said that Mr. Dustin is intent on building NASBA's relationship with all Boards of Accountancy.

Executive Vice President Conrad reported that Director of Legislative and Governmental Affairs John Johnson is tracking 474 bills, of which 242 are directly Accountancy Board related. These include bills about CPA firm ownership, adopting the new "attest" definition and

eliminating other types of accounting licenses. NASBA staff members Shawn Bell, Dan Dustin and Stacey Grooms, as well as State Societies' legislative staff members, assist Mr. Johnson in monitoring legislation of significance to the Boards.

Mr. Barrera, chair of the Legislative Support Committee, reported Mr. Johnson has helped the Committee launch its key person program. He encouraged the Regional Directors to have all their State Boards' members sign up to be part of the program.

The number of Uniform CPA Examination candidates remains fairly constant, with the number of international candidates down slightly, Ms. Conrad reported.

The National Registry for CPE Sponsors continues to be strong, Ms. Conrad stated. New CPE standards are expected to be brought to the Board of Directors for approval for exposure in the spring. The Registry Summit is planned for September 9-11, 2015, in Washington, DC. The Uniform CPA Examination candidates' statistics digest will be released in February, Ms. Conrad stated. Fifty Boards are now on the Accountancy Licensee Database, with New Jersey being the latest to join, and CPAVerify is approaching 50, with Minnesota expecting to come on shortly, she stated. The NASBA International Evaluation Service (NIES) is continuing to grow too. IT security also remains a high priority for NASBA, Ms. Conrad said.

Discussions with the AICPA also continue as the practice analysis of the Uniform CPA Examination continues. NASBA submitted a response to the AICPA's invitation to comment. Now the AICPA is surveying new CPAs and those who supervise them, Ms. Conrad reported. The Practice Analysis will be a "table topic" at the upcoming Executive Directors conference and will also be discussed at the June Regional Meetings. Some regional conference calls on the practice analysis may also be held. The exposure draft on possible changes to the Examination will be released for comment in early September.

Most Boards believe if a candidate presents a transcript from an accredited school, then he or she has valid education credits, President Bishop observed. However, the Boards need to learn more about the accreditation process. The NASBA Education Committee will be looking at this as well as the use of MOOCs, the ability for individuals to test out of classes, and other non-traditional ways of earning college credit.

NASBA and AICPA leadership are having discussions about unilateral recognition of experienced international professionals. At the summit meeting they are talked about the use of foreign credentials that include words like "chartered" and "accountants."

During 2014, NASBA sent out 33 newsletter and other e-mails on behalf of State Boards. Fourteen Boards are using NASBA's outreach services, Mr. Bishop said, with eight additional boards interested in working with NASBA to have their own newsletters.

## 6. Report of the Vice Chair

Vice Chair Donald Burkett announced that he had started planning for the 2016 Board meetings in December 2014 and will hold a committee planning meeting in May. He met with the NASBA Nashville staff and the Center for the Public Trust Board. He has also listened to numerous committees' conference calls and attended the Ethics Committee's meeting. Mr. Burkett said he will try to attend as many committee meetings as possible. He urged the Regional Directors to ask their State Boards' members to submit committee interest forms for

2015-2016. NASBA is aiming to promote diversity by getting people involved in all of its activities including committees.

#### 7. Report on the NASBA Center for the Public Trust

Center for the Public Trust President Alfonzo Alexander reported to the Board that there are now 25 student CPT chapters. They have been categorized into tiers (beginner, star or gold star) depending on the level of their activities, with the hope that all will reach the gold star tier. A system of account management has been initiated to measure the quantity and quality of activities of each chapter. CPT anticipates it will add another eight chapters this year.

Eight hundred students have gone through the CPT's six-hour Ethical Leadership Certification program and it projects 1,000 will go through it this year, with 38 institutions in the pipeline for the program, Mr. Alexander reported. Some professors are making the program part of their coursework while others are offering it as an extra credit option. Mr. Alexander said the six-module course could be used in employee ethics training programs as well.

The CPE Resources Program was developed by the CPT as a source for state societies for ethics components of CPE. Professors and trainers have been contracted for this project. Commitments of support have come from The Accountants Coalition, Center for Audit Quality, American Institute of CPAs, PWC, Deloitte and other CPA firms.

CPT continues to present its Being a Difference Award and beginning in 2016 that will be funded by the Daniels Fund. The 2014 award winners were William Bock, III, Kevin Brown, Jonathan Porter and John Sandoz. The Daniels Fund is also contributing to the 2015 Student Leadership Conference, to be held in conjunction with NASBA's Eastern Regional Meeting in Baltimore.

Mr. Alexander thanked the NASBA Board for their support of the CPT.

#### 8. Administration and Finance Committee

Treasurer E. Kent Smoll reported the A&F Committee had met the previous day and reviewed the operating results of the first four months. He called on Chief Financial Officer and Senior Vice President Michael Bryant to review the report presented to the Board of Directors. He noted NASBA's revenue is tracking budget and expenses are better on the operations side. Expenses are anticipated to increase, though, with additional hiring. NASBA has total net assets of about \$41 million.

The Investment Committee met and reviewed the performance of the portfolios under the respective investment advisers, Mr. Smoll stated.

CFO Bryant reported on the amended lease NASBA has entered into for the sixth, seventh and eighth floors in the Nashville headquarters building. Currently, NASBA leases the seventh, eighth, and thirteenth floors. The average annual lease cost for the three contiguous floors through the end of the lease in 2028 will be a little less than the annual cost of the existing term's final lease year. The amendment to the lease includes tenant improvement funds available to build out the floors to design spaces that facilitate both collaboration and operational efficiency, Mr. Bryant explained. Mr. Bishop, Ms. Conrad and Mr. Bryant are meeting with

architects and others to plan the space. The sixth floor will become available to NASBA by October 2015 and it is anticipated that work on floors six, seven and eight will be finished by April 2016. Mr. Bryant displayed various contemporary office designs and the NASBA Board members offered some advice on design features that have worked well and those that have not.

AEQUO International, NASBA's new wholly-owned, for-profit subsidiary was incorporated in late November 2014 pursuant to the July 2014 Board-approved resolution, Mr. Bryant reported.

#### 9. Report of the Executive Directors Committee

Executive Directors liaison to the Board Russ Friedewald thanked Chair Davenport for appointing him to lead the Executive Directors Committee this year, and the Illinois Board of Examiners for supporting his participation in NASBA. He reported the Annual Conference for Executive Directors and Board Staff will be held March 24-26, 2015 in Tampa, FL. This year State CPA Society chief executive officers will be invited to join in the conference's discussions. Richard E. Jones, chair of the NASBA State Society Relations Committee and executive director of the Washington Society of CPAs, will co-chair a joint session with Mr. Friedewald. The conference will also hold some combined sessions with the Annual Conference for Board of Accountancy Legal Counsel.

#### 10. Report of the Education Committee

Dr. Cochran, chair of the NASBA Education Committee, reported they had their initial meeting on December 16, 2014, with NASBA Chair Davenport and President Bishop in attendance. They asked the Committee to focus on the evolutionary changes in education. This includes schools that award credit on a "competency-based" system and those that allow students to test out of courses and still be awarded credit.

How the accreditation groups are evaluating these programs is a question the Committee has raised. It has been suggested that NASBA meet with the heads of the accreditation groups to ask them how they assess courses.

The College Board is moving ahead with an Advanced Placement accounting course and there was discussion amongst the Board members regarding potential concerns regarding adequate staffing at the high school level to provide such courses. It was noted that to date 900 teachers have been trained to provide the course and it is fully expected that colleges will find ways to bridge with the AP course.

#### 11. Report of the CPE Committee

CPE Committee Chair Maria Caldwell reported the Committee hopes to have a new version of the CPE standards published by the end of 2015. The last revised standards were published in 2012. The new version adds two new delivery methods: nano learning and blended learning. The Committee is trying to put strict parameters around each of these. The CPE Committee has a Model Rule task force that is looking at elements of CPE: Is 40 hours the right



amount? Are the fields of study appropriate? Do candidates still need auditing and accounting courses? If just saying passing a test is sufficient, would that result in people who are just good test takers? What is a good way to measure competency –based courses?

#### 12. Policy Discussion

Chair Davenport asked the Board members to share their opinions on three topics:

1- What roles should NASBA play in education?

2- How are states responding to titles that are similar to “certified public accountant”?

3- How should professional accountants from other countries be recognized by the State Boards?

The Board members presented their views on these issues.

#### 13. Election of Center for the Public Trust Board Members

Speaking to the NASBA Board, as the sole shareholder of the NASBA Center for the Public Trust, CPT President Alexander asked that the following be appointed to the CPT Board: Cynthia Cooper, Bill Fowler, Melvin Malone and Sean McVey. The motion to appoint the four new members was made by Mr. Burkett, seconded by Mr. Parsons, and unanimously approved.

#### 14. Adjournment

Chair Davenport thanked the NASBA Committees for the information prepared for the Board’s agenda materials. He announced the next meeting of the NASBA Board of Directors will be held April 23-24, 2015, in Asheville, N.C.

On a motion by Ms. Gray, seconded by Mr. Barrera, the meeting was adjourned at 3:33 p.m.

## **NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.**

### **Highlights of the Board of Directors Meeting April 24, 2015 – Asheville, NC**

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, April 24, 2015 at the Inn at the Biltmore Estate, in Asheville, North Carolina, the Board took the following actions:

- Approved for exposure the revised Statement on Standards for Continuing Professional Education (CPE) Programs, as submitted by the NASBA CPE Committee, chaired by Maria E. Caldwell (FL). The Board subsequently heard that the Standards were also approved for exposure by the AICPA on April 24. The comment period ends October 1, 2015.
- Approved the awarding of NASBA accounting education research grants to teams from Drexel University and from Texas Woman's University, as recommended by the Education Committee, chaired by Robert J. Cochran (VA).
- Discussed changes to the NASBA Bylaws under consideration by the Bylaws Committee, as summarized by Bylaws Committee Chair Edwin G. Jolicoeur (WA). These included recommendations received from the Nominating Review Process Task Force, chaired by Catherine R. Allen (NY). Bylaws changes, to be voted on at the Annual Business Meeting, are to be presented to the Board at their July meeting.
- Received a report from NASBA President and CEO Ken L. Bishop on the meetings he and NASBA Director of International Evaluation Services James Suh held with leaders of the Western Governors University to understand their process for providing education and awarding degrees.
- Heard from Chair Walter Davenport (NC) on meetings held with representatives of the Association of Chartered Accountants in the United States and the South African Institute of Chartered Accountants. Both groups expressed interest in creating new pathways for their members to become U.S. CPAs.
- Learned from NASBA Executive Vice President and COO Colleen K. Conrad that meetings have been held with Department of Labor officials and the AICPA to develop a process whereby complaints against CPAs would be sent at the same time to both the Boards and the AICPA.
- Heard from Vice Chair Donald H. Burkett (SC) that he has scheduled a planning meeting in late May to begin making his committee assignments for 2015-16. He urged all interested State Board members to submit their committee interest forms to [aholt@nasba.org](mailto:aholt@nasba.org) now.
- Approved the financial report as presented by Treasurer E. Kent Smoll (KS). He reported the Administration and Finance Committee's Investment Subcommittee had conducted its annual review of NASBA's investment policy and the NASBA Board members were receptive to considering alternative portfolio allocations for the future, to be discussed at the July meeting.

- Were apprised of the work of the AICPA/NASBA Uniform Accountancy Act Committee by Chair Coalter Baker (TX). Subcommittees are meeting to consider: work that can be done by inactive/retired CPAs; allowing for new CPE standards; pathways for recognition of international professionals; and updating adjustments to the UAA and Model Rules.
- Heard from Past Chair Carlos Johnson (OK) that he and several NASBA senior staff members would be attending the AACSB international meeting to discuss the schools' accreditation process. AACSB has 670 schools, with only 180 of those being accredited schools of accounting. Mr. Johnson will report back to the Board at the July meeting.
- Received a draft copy of the NASBA response to the AICPA Professional Ethics Executive Committee's exposure draft on independence of merged and acquired firms, as presented by NASBA Regulatory Response Committee Chair W. Michael Fritz (OH). The draft was prepared by both the RRC and the Ethics Committee, chaired by Raymond N. Johnson (OR). (The letter was subsequently approved by NASBA Chair Davenport and President Bishop and submitted to the AICPA on Monday, April 27, 2015.)
- Received an update from Senior Vice President and Chief Financial Officer Michael R. Bryant as planning proceeds into the design phase for the consolidation of the three floors of offices at NASBA's headquarters in Nashville. Plans for all three floors include areas to openly collaborate as well as enclaves for small groups and appropriately configured workspaces.
- Heard from Legislative Support Committee Chair A. Carlos Barrera (TX) that 47 NASBA volunteers have signed up to be part of the Key Person Contact Program, being organized by NASBA Director of Legislative and Governmental Affairs John Johnson. Those who are in a position to access elected officials were asked to sign up for the program through the link on [www.NASBA.org](http://www.NASBA.org).
- Learned from NASBA/AICPA International Qualifications Appraisal Board Chair Telford A. Lodden (IA) that he will be seeking the State Boards' input at the June Regional Meetings on how to facilitate the licensing of non-U.S. professionals who are in demand in the U.S.
- Were advised by Committee on Relations with Member Boards Chair John F. Dailey, Jr. (NJ) that plans for the June 2015 Regional Meetings are completed and registration is underway. The Regional Directors have been suggesting sites for the 2016 Regional Meetings.
- Heard a report on the March 2015 Executive Directors and Legal Counsel Conferences from Executive Directors Committee Chair Russ Friedewald (IL). This was the first time in 20 years that the conference brought together State Society CEOs and State Board Executive Directors.

The next meeting of the NASBA Board of Directors is scheduled for July 17, 2015 in Seattle.

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

**Executive Summary**  
**February 5, 2015 – April 1, 2015**  
**Regional Directors' Focus Question Responses**

**41 Boards Responding**

(AK, AL, AZ, CA, CO, CT, DC, FL, GA, GU, HI, IA, ID, ILBOE, IN, KS, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, OH, OK, OR, PR, RI, SD, TN, TX, VI, VT, WA, WI, WY)

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

- No cases reported: AK, DC, GU, HI, ILBOE, IN, IA, MI, MN, MT, NE, NC, PR, VI
- Opened investigation: MS, NH, NJ, SD, WI
- If violation, notice to firms requesting response & compliance: AL, AZ, CA, CT, FL, GA, ID, KS, NV, NM, OH, OK, OR, TX, VT, WA, WY
- Developing process: CO
- Not allowed to review reports: TN, MO

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

Yes: 10                      No: 24                      Reviewing question: 3                      Only if already under peer review: 1

**3. Could a chartered accountant from the Czech Republic make a presentation to high school teachers in your state and hand out his/her business card with his/her professional designation without being in violation of your jurisdiction’s law?**

No: AL, AK-but can pass out card, AX, DC, HI, IN, IA, MO, MS, ND, NJ, OK, TN, TX, VI, WA, WI, WY

Yes: CA, CO, CT, FL, GA, GU, ID, KS, MI, MS, NH, NM, OH, PR, RI, SD, VI, VT

**Would it matter if he/she were teaching a CPE course to a group of bankers or other professionals?**

No: CA, CO, CT, DC, FL, GA, GU, HI, ID, KS, MI, MS, MT, NV, NH, NM, OH, RI, SD, VI, VT

Yes: AL, AK, AX, IN, IA, MO, ND, NJ, OK, PR, TN, TX, WA, WI, WY

**Within the last three years, approximately how many times has your Board brought any action against someone for illegal use of title?**

None/informal/unknown: AL, AK, AZ, NE, IA, IN, PR, SD, VI, WI

CA-35; CO-11; CT-9; DC, GU, HI-1; GA-6; KS-15; MI, MS-8; MO, ND, NJ, NM, OK, OR-several; RI, WY-3; TN-56; TX-1,500; WA-59; NV-31; NC, MN -evaluate on case-by-case basis.

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

CA – May 2015 launching study on attest experience requirement. GU – Working to introduce individual mobility legislation. MT – Attempting legislation that would eliminate the “certificate” only licensing level and require all license applicants to obtain experience first.

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

CO – Interested in timing of access to CPE tracking tool. GA – How to handle non-U.S. citizen applicants.

MS – More information on “college credit or life experience” and how other Boards are handling this issue.

RI – Help working on a newsletter incorporating a NASBA corner as a downloadable pdf.

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

# NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between February 5, 2015, and April 1, 2015. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

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

*J. Coalter Baker (TX) – Southwest Regional Director*

*Maria E. Caldwell (FL) – Southeast Regional Director*

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

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

*Janeth Glenn (NE) – Central Regional Director*

*Edwin G. Jolicoeur (WA) – Pacific Regional Director*

*Benjamin C. Steele (NV) – Mountain Regional Director*

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

**Alabama** – The Alabama Board has opened disciplinary cases on 18 CPA firms who were reported to have performed employee benefit plan audits and those audits were not included in the firms' peer reviews. All firms were notified and a response was requested. Those cases are still under investigation.

**Alaska** – List was received and did not appear to contain any Alaska firms. Any known issues would have been forwarded to the assigned investigator for review.

**Arizona** – Board staff reviewed the Department of Labor (DOL) list supplied to the Board by NASBA to verify that firms under the Board's jurisdiction, who were identified in the Department of Labor (DOL) report as performing EBP audits, had a peer review showing compliance with the EBP plan. Firms identified as requiring EBP reviews should have had EBP engagements selected as part of the peer review process. The review indicated that 12 firms had either not had a peer review, or the firm's last peer review did not indicate that an employee benefit plan engagement was selected as part of the peer review process. The Board asked for clarification from each firm as to 1) why the firm has not had a peer review, or 2) why the firm's peer review did not indicate selection of an employee benefit plan audit.

**California** – The California Board of Accountancy is reviewing information regarding firms that had peer review reports recalled. Additionally, the California Board of Accountancy is evaluating a list received from NASBA related to firms that issued employee benefit plan audits to California-headquartered entities. Cases will be opened and investigations undertaken where potential violations to the California Accountancy Act and California Board of Accountancy Regulations have occurred.

**Colorado** – The State Society reports that there are five firms in this category for Colorado; however, only one has been reported to the Board. The Colorado Board may develop a process as it gets experience processing these types of matters. The Board takes these matters seriously and will follow-up as needed. The Board would not hesitate to start a case against these firms.

**Connecticut** – Based on information from AICPA or the State Society, the Connecticut State Board of Accountancy would open an enforcement case and investigate the matter.

**District of Columbia** – N/A. No such notification has been received.

**Florida** – Information would be referred to the Board’s Enforcement Unit.

**Georgia** – Our Board is currently reviewing a list obtained from NASBA of all Firms who have performed EBP audits and the status of their Peer Reviews to determine that they are in compliance. No cases have been developed.

**Guam** – N/A.

**Hawaii** – The Hawaii Board has not received any such information. In addition, Hawaii’s peer review law is not applicable until the 2017 reporting period.

**Idaho** – We have had only one incident in which we received information from our State Society one of our firms had a recall of an audit. In that instance, we contacted the firm to get more specifics and confirm the steps they were taken to rectify the situation. They recently had a new review issued within the guidelines and are compliant. The Board is still considering how to handle these situations and possible discipline in cases such as these.

**Illinois BOE** – N/A.

**Indiana** – We are currently not aware of any specific DOL audit issues with Indiana licensees. However, we have been informed by the Society that there may be issues arising and that we will need to be prepared to discuss our approach to dealing with them.

**Iowa** – Iowa has not received any information on firm peer review deficiencies.

**Kansas** – We are in the process of reviewing and compiling the information to determine what action should or should not be taken by the Board.

**Michigan** – We have not received this type of information from the AICPA or the State Society.

**Minnesota** – We have not received such information.

**Mississippi** - Mississippi Board staff received a list of Mississippi EBP audits from DOL. Board staff compared this list to peer review reports on file in the office to develop a list of potential deficient peer reviews. No referrals were provided to us by AICPA or our state society. We discovered a few problem firms (less than 10), and all but two were cleared up after further research; i.e., a couple of firms had merged before their peer review year, a few firms did not

perform the EBP audit in their peer review year, and one firm had already had an accelerated peer review with EBP audit included per “old” AICPA guidance.

The two still pending have cases already developed by Board staff. One has not had any peer review yet and we may have to attempt to solicit cooperation of an out-of-state CPA Society. The other one had not informed the peer reviewer of the EBP audit in 2011, but did get the EBP audit included in 2014. We asked the firm to get the 2011 EBP audit reviewed by the peer reviewer and provide us his checklist. We are currently evaluating the 2011 checklist and considering possible disciplinary options.

**Missouri** – No. Per 326.289.12 RSMo the Missouri State Board of Accountancy is not allowed access to peer review reports.

**Montana** – Fortunately, we did not have any of these firms in Montana.

**Nevada** – The Nevada State Board of Accountancy unofficially received information that there was possibly one firm in the state where the peer reviewer did not review an audit of an employee benefit plan. The firm had indicated that they did perform the type of engagement. The reviewer subsequently modified the report. This incident did not rise to the level where disciplinary action would be appropriate.

**Nebraska** – We have not received information a firm was not properly peer reviewed or a Nebraska firm completed “egregious work” before the DOL. Because of the Board’s own QEP Program, there was some confusion over whether a Nebraska firm needed an AICPA peer review (and was not a member of the AICPA). Since the DOL did not require a peer review and the firm completed QEP and was not a member of the AICPA, the firm was in compliance.

**North Carolina** – The Board has been informed by our State Association that seven CPA firms had their peer reviews recalled. The Professional Standards section of the Board opened case matters on these firms to investigate the reason their peer reviews were recalled by the Association Peer Review Committee.

**North Dakota** – We have not received notification from the AICPA or the North Dakota CPA Society concerning firms not properly peer reviewed. However, we know the status of Department of Labor-reported firms, due to NABSA having provided a list. We know that there was one such firm in our jurisdiction.

**New Hampshire** – There are no pending cases regarding this issue before the Board.

**New Jersey** – The case would be referred to our Peer Review Committee for review. At this time, there are no such cases on their agenda.

**New Mexico** – The Board identified 17 CPA firms that have conducted ERISA audits in the State of New Mexico and were not licensed in the State of New Mexico to practice public accountancy. The firms were notified and 15 have registered with the State of New Mexico. Two of the firms are pending additional correspondence. Of the CPA firm list received, only two firms have been identified as not having the proper Peer Review, and the Peer Review was amended and a new Peer Review Report was issued.

**Ohio** – The Board will send a letter to firms requesting the letter from the Ohio Society of CPAs regarding the recalled review and the peer review that was recalled. The Board will follow up with the firms to ensure they have had the replacement reviews completed by the due date given by the Ohio Society of CPAs.

**Oklahoma** - The Oklahoma Board did receive information from the DOL. We followed up on the information by sending out inquiries and follow up investigation. It appears that there are several firms in violation of various parts of the Oklahoma Accountancy Act. Cases were developed and these firms are currently being reviewed by our enforcement committee for recommendation to the Board for potential disciplinary action.

**Oregon** – The phrasing of the question is problematic in its specificity. Sentence 1 of the question – as written – refers to two scenarios that do not exist in Oregon exactly as asked / described. A concise short response to the question as written would be “no.” However, transparency demands the following clarifications:

- AICPA does not refer such matters to the Oregon Board – or at least has not in the past.
- DOL has never referred any case to the Oregon Board for any reason whatsoever, including but not limited to failure to have an appropriate ERISA peer review done. The only DOL-related information in the Board’s possession that originates from DOL is the release by DOL via NASBA of Form 5500 data which did not involve any allegations of wrong-doing. That data was extensively analyzed and followed up on.
- The State Society has advised of three cases where a previously completed peer review was withdrawn and a new peer review was initiated. These referrals do not come with any information as to why, let alone the ultimate source. The Board instead must contact the Respondent firm. These contacts have not shed any light on the ultimate source for how the peer review program found out about the ERISA audits.

Steps taken: The Board has opened inquiries into the three firms and obtained additional information, which indicated that in all three cases the firm did not include its ERISA engagements in its selected engagements for the peer reviewer even though peer review rules require mandatory selection of this type of engagement. The Board then kept the inquiries open until it received documentation from the peer review program that the firms had completed a new appropriate peer review. The Board then considered these cases and determined that the primary public protection piece involves ensuring an appropriate peer review is conducted. Therefore the Board discussed that in the first instance a strong warning letter may be appropriate to resolve the inquiries. Crafting of those letters has not yet occurred. In Oregon, the cases have not produced direct, actionable evidence that the omission in peer review was intentional.

**Puerto Rico** – None received during the past year.

**Rhode Island** – Send a letter requesting information.

**South Dakota** – Our Board has not received information from the AICPA or State Society in regard to this matter.

**Tennessee** – In Tennessee the Board is not allowed (by statute) to have access to the results of peer review. Therefore, the information from the DOL regarding deficiencies in peer reviews are submitted to the AICPA and then to the State Society (TSCPA). The TSCPA follows up with the firms noted as having peer review deficiencies by the DOL. None of these firms have been referred to the Board for action.



**Texas** – With that information we would investigate and based upon the information we receive would require corrective action to obtain compliance and possible disciplinary action.

**Vermont** – Yes, we have opened cases as a result of the DOL identifying firms that do not appear to be properly licensed in Vermont, with attendant peer review. The cases are moving through the disciplinary process. We are mindful of the requirement that employee benefit plan audits be part of peer review. To that end, we will be checking peer review reports for such firms to ensure their peer review makes the appropriate employee benefit plan references.

**Virgin Islands** – N/A.

**Washington** – Pursuant to Board Rule WAC 4-30-140 investigations are opened and cases developed.

**Wisconsin** – The Wisconsin Accounting Examining Board has not been notified of any violations at this point. However, we are discussing the situation currently.

**Wyoming** – Immediately upon being provided a list of firms engaged in employee benefit plan audits generated by the DOL, the Board staff and a Board member confirmed that all firms on the list were properly permitted and that all firms listed by the DOL were undergoing the proper peer review. The Wyoming Board of Certified Public Accountants has not received any further information from the DOL and does not believe that any firms permitted in Wyoming are non-compliant with the appropriate peer review requirement.

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

**Alabama** – The Board’s rules state that participation in the Peer Review program are required for all Practice Units who perform accounting and auditing engagements for the public, including but not limited to audits, reviews, compilations, forecasts, or projections. A compilation is defined as providing a service to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that is presenting in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.

**Alaska** – The Alaska Board has not yet updated the peer review requirements to adhere to SSARS21. This is on the Board’s list of items currently under review and is likely to be discussed at upcoming Board meetings.

**Arizona** – Not currently. However, there was discussion at the Board’s March 30, 2015 meeting about this topic and the Board directed its Law Review Advisory Committee to update the peer review rules to move in this direction.

**California** – California Board of Accountancy Regulations section 42(b) provides an exclusion from the peer review requirements for accounting firms, which as its highest level of work, perform compilations where no report is issued in accordance with the Statement on Standards for Accounting and Review Services. Therefore, provided the accounting firm does not issue a report in conjunction with the “preparation” of financial statements, it would not be subject to peer review.

**Colorado** – Yes and the State Society will determine if firms are subject to peer review based on whether the type of services they perform fall within the definition listed in SSARS 21.

**Connecticut** – Yes, the Connecticut State Board of Accountancy Statutes provide that any firm holding a firm permit as required by the statutes undergo a peer review, or submit a peer review waiver form. Sec. 20-281. Permit to practice. Quality review.

**District of Columbia** – Yes, if this type of engagement is governed by SSARS. Pursuant to the District's regulations, any engagement governed by SSARS would trigger a peer review requirement. *See* 17 DCMR § 2548.1.

**Florida** – No.

**Georgia** – We do not require.

**Guam** – Guam will follow the AICPA Peer Review Committee guidance: if a firm is enrolled in Peer Review, then preparation engagements will be subject to selection for review along with a firm's other engagements.

**Hawaii** – The preparation of financial statements is not part of the Board's definition of "attest" and is outside the scope of the peer review program requirements.

**Idaho** – No, we do not require firms performing "preparation" of financial statements as defined in SSARS 21 to comply with peer review requirements. Idaho Code 54-226(3), which has been in place for a number of years allows licensees and non-licensees to use what is commonly referred to as 'safe harbor language' in these situations.

**Illinois BOE** – N/A.

**Indiana** – We follow the AICPA Peer Review Standards, which at this time will not require peer review for these services. We have discussed on a number of occasions our view that these services should be part of the peer review requirements, as some practitioners may attempt to avoid peer review by "stepping down" their level of service. We would certainly be supportive of any proposed changes by the AICPA in this regard.

**Iowa** – No position at this time. Statutory provisions on financial statements will be revised this legislative session. Once revised, the Board will adopt rules.

**Kansas** – No.

**Michigan** – We require firms who engage in the following to participate in peer review: (1) audit, (2) review, and (3) compilations that are relied upon by third parties.

**Minnesota** – Yes.

**Mississippi** – Yes.

**Missouri** – Yes. Initial discussion has occurred regarding this topic between our state society (Peer Review Administrator) and Board staff.

**Montana** – Only if they are already under peer review. We determined we cannot require anyone doing preparation statements only to enroll in peer review.

**Nebraska** – Initially yes, but we are looking for further guidance on this issue. Hopefully, NASBA could provide discussion and further guidance on this issue.

**Nevada** – No, not at this time.

**North Carolina** – The Board rules and State Association Peer Review rules do not require that CPA firms performing “preparation” of financial statements as defined in SSARS 21 include these services for consideration in their peer reviews.

**North Dakota** – No, the Board’s regulations do not require peer review of firms that only perform “preparation” of financial statements.

**New Hampshire** – Not now, but the Board believes that they should be.

**New Jersey** – The New Jersey Board has not considered this issue to date. Our current regulations carve out SSARS 8 Compilations from peer review. Presumably, “Preparations” would be carved out as well but this remains an open issue for Board consideration.

**New Mexico** – No. The Board does not currently have Peer Review requirements specific for the preparation of Financial Statements for CPA Firms.

**Ohio** – We are reviewing this question. Looking forward to any guidance from NASBA or other states.

**Oklahoma** – The Oklahoma Board does not require “preparation” of financial statements to comply with peer review.

**Oregon** – This Board has not yet worked through the implications of SSARS 21.

**Puerto Rico** – Our peer review program is voluntary. The Board has no jurisdiction in supervising such programs. It is only required upon membership from AICPA, single audits and audit of credit unions.

**Rhode Island** – Yes.

**South Dakota** – No, preparing financial statements does not require a firm to undergo peer review. Preparation of financial statements to undergo peer review would require a rule change.

**Tennessee** – The “preparation” of financial statements as outlined in SSARS 21 for management use only would not be subject to peer review in Tennessee.

**Texas** – The Board is discussing this issue and anticipates publishing a proposed rulemaking to solicit public comments by the end of March with a Board decision expected as early as May 2015.

**Vermont** – No, Vermont’s Administrative Rules for the Board of Public Accountancy provide, at Rule 10.7(a), that “If no attest services were performed” in the immediately preceding three years, “then no peer review is required.” *Attest Services* includes “any review of a financial statement or compilation of a financial statement to be performed in accordance with the Statement on Standards for Accounting and Review Services (SSARS).” 26 V.S.A. §13(1)(A)(ii). While SSARS 21 now includes guidance on the *preparation* of financial statements, we believe Vermont’s statutory definition of *attest services* implicates only *review* and *compilation* services.

**Virgin Islands** – Not under current legislation.

**Washington** – Yes. Agency practice will continue to require an engagement or system review because paragraph 70 still includes certain requirements of the CPA firm preparer using the title in public practice.

**Wisconsin** – As part of our Rules update project we are contemplating a rule to address peer review under SSAR.

**Wyoming** – Chapter 9, Section 2 of Wyoming Board Rules and Regulations refers to services that would require a firm to submit to peer review. “Preparation” of financial statements designed for “Management Use Only” and not intended for use by third parties would exclude such services from a peer review requirement.

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

**Alabama** – The Board accepts Canadian Reciprocity, if all qualifications for reciprocity are met; however, the Board’s reciprocity does not extend to the Czech Republic. Any individual who is holding himself out as a CPA and is not duly licensed by the Board or who is not practicing under practice privilege (mobility), would be in violation of Board statute and rules. It would not matter if he were practicing or teaching. None.

**Alaska** – AS 08.04.620(3) addresses this issue; he/she can pass out their card, but cannot indicate that their “CPA” services are available to the public.

**Arizona** – A.R.S. 32-747(B) states that no individual or firm shall when referring to accounting or accounting practices assume or use the title or designation "chartered accountant", "certified accountant", "enrolled accountant", "registered accountant", "licensed accountant", "certified tax accountant", "certified tax consultant" **or any other title or designation likely or intended to be confused with** "certified public accountant" or "public accountant" unless the individual or firm has received from the board a certificate to practice as a certified public accountant or as a public accountant issued under the laws of this state, the individual is a limited reciprocity privilege holder under section 32-725 or the partnership, corporation or other entity is permitted to practice accounting in this state pursuant to section 32-725, subsection G. **No individual or firm shall**

**assume or use any of the abbreviations "C.A.", "E.A.", "R.A.", "C.T.A.", "C.T.C.", "L.A." or similar abbreviations likely or intended to be confused with "C.P.A.", "CPA", "P.A." or "PA".** An individual who is qualified as a certified public accountant in this state and who also holds a comparable title under the laws of another country may use the title in conjunction with the title "certified public accountant", "C.P.A." or "CPA", and an individual enrolled to practice before the internal revenue service and recognized as an enrolled agent may use the abbreviation "E.A.".

**California** – Based on the scenarios provided, delivering a presentation and teaching continuing education are not services that are defined as the practice of public accountancy pursuant to Business and Professions Code section 5051 and, therefore, would not be a violation. During the last three years, the California Board of Accountancy has brought action in approximately 35 cases that involved false advertising, practicing public accountancy without a license, or other illegal use of the CPA designation.

**Colorado** – Yes. No. It would not matter. The chartered accountant would need to identify the credential held regardless. During the past three years (calendar year 12 -14), the Board issued a total of 11 Cease and Desist Orders (2012= 5, 2013 = 1, 2014=5). At the time the Board reviews initial applications for licensure, it is common for applicants to indicate on their resume that they are CPA's and in those instances, the Board issues each approved applicant a letter of information to put them on notice about the proper use of the designation.

**Connecticut** – Based on the prescribed scenario, the Board would open an information case for the unauthorized use of the title; however, the teaching is not considered to be within the definition of the practice of public accountancy. The chartered accountant would have to respond to the notice of violation, and perhaps provide information that the business disclosed the individual's international licensure status, as to not cause confusion to the public. The Board has opened at least three cases per year regarding the unauthorized use of the CPA title.

**District of Columbia** – In the District, a chartered accountant from another country would be able to make a presentation to high school student, or teach a class to other professionals. However, he would not be permitted to distribute the business card noting that he is a chartered accountant, as such would be expressly prohibited by D.C. Official Code § 47-2853.43(c). It should be noted that the Board does not have jurisdiction over unlicensed individuals. However, the Board has imposed disciplinary action where a licensee has continued to practice and use the CPA title while his or her license was expired. Within the last three (3) years, such disciplinary action has been taken by the Board only once.

**Florida** – Florida law and rules do not prohibit an individual from handing out a truthful business card as long as they are not practicing public accounting.

**Georgia** – Not a violation. As long as they were presenting themselves properly. Approximately six times.

**Guam** – Yes, No and Once (licensee used an incorrect firm title):

25 G.A.R. §2112(d) A non-resident individual shall *not* be deemed to have entered Guam for purposes of 22 GCA, §35122 and notice is *not* required under 22 GCA, §35122 *if* the individual's contact with Guam is limited to any of the following activities:

- (1) teaching either a college or continuing professional education course,
- (2) delivering a lecture,

- (3) moderating a panel discussion,
- (4) rendering professional services to the individual's employer or to persons employed by the individual's employer, including affiliated, parent, or subsidiary entities, provided such services are not rendered for the employer's clients.

**Hawaii** – No to both questions. In both situations, the chartered accountant from the Czech Republic would be engaged in the practice of public accounting as defined in the Board's laws and rules, without having the proper license and permit to practice in the State. Relating to the number of times the Hawaii Board has brought action against someone for the illegal use of title, that information was requested from the Regulated Industries Complaints Office, (which is the enforcement arm of all professional and vocational boards and commissions); however, no information was received.

**Idaho** – Yes, the accountant in question could hand out their business card without being in violation of the Idaho Accountancy Act or other Idaho Codes as long as there is not an Idaho address on the card. Over the past three years, we have issued twelve (12) Cease & Desist letters to individuals who have used the CPA title unlawfully.

**Illinois BOE** – N/A.

**Indiana** – Based on our current state policies, we believe this may be a violation as the chartered accountant would not be "substantially equivalent." We don't believe the interpretation would be different whether the individual is speaking to students or teaching a CPE course. We have had several cases presented or brought for personal appearances regarding inappropriate use of title; however, the specific number is not known.

**Iowa** – (a) No. (b) Yes, as long as clear only licensed in Czech Republic. (c) Informal actions mostly.

**Kansas** – (a) Yes; (b) No. We do not regulate the title "Chartered Accountant" and therefore could not and would not take any action, nor does it matter if they were teaching a CPE course, as long as they were qualified in the subject area. (c) In the last three years, we have brought action against 14 individuals for illegal use of title.

**Michigan** – (a) Yes, if they comply with Section 339.727a of the Occupational Code, Public Act 299 of 2980. (b) No. (c) Approximately 8.

**Minnesota** – The Board would evaluate the facts on a case-by-case basis. We have taken action for use of title but often tied also to practice.

**Mississippi** – There would be no violation as long as the professional designation would not give the public the impression that he/she is licensed by our Board and did not contain the word "certified" before the words "accountant" or "tax consultant" or similar words. There have been probably six to eight investigations opened into the illegal use of title "CPA" in the last three years. The majority of these were closed without any action. It should be noted that this is a criminal offense in Mississippi, and the cooperation of local prosecutors is usually necessary. This has been difficult to obtain in many instances.

**Missouri** – (1) No. Per 326.292.4 RSMo restricts the use of such a title. (2) Yes. The individual would be in violation of 326-292.4 RSMo. (3) We have sent cease and desist letters several times in the last three years relating to improper use of title.

**Montana** – Yes, our law allows the use of a foreign title, but it must include the name of the country. We have currently not had any action against illegal use of title.

**Nebraska** – The Board’s current policy is to monitor the use of the CPA title through access to the Universal News Service along with monitoring by Board staff and notification from CPAs and the public. Many of these inquiries are from newspaper articles and other announcements regarding work promotions or appointments while the person is a Certificate Holder or has inactive status or has no status in Nebraska. In these cases a letter is sent notifying the person they are out of compliance of Nebraska law, require a written explanation, and make corrections if possible. Several of these letters are sent out each year. A person holding out as a CPA to the public and providing professional services and who is not, would warrant the full attention of the Board’s enforcement committee including consideration of prosecution by the State Attorney General’s Office depending on the intent in the matter. One or two cases are investigated each year, however, the need for prosecution has not been warranted for several years. Regarding the use of the designation by the foreign accountant, the Board has not considered a case like this in my tenure and am not sure if it would be pursued.

**Nevada** – As long as the information provided does not include a Nevada address, the Board would not consider the example above to be a violation of law or misuse of the designation. It would not matter to whom the CPE course was being provided to. The Board has issued 31 Cease and Desists to individuals that have held out as CPAs with a Nevada address without appropriate licensure.

**North Carolina** – The Board statute, NCGS 93-6, allows for the use of two titles in the public practice of accountancy in North Carolina, “certified public accountant” and “accountant.” The use of the CA credential in North Carolina would result in the Professional Standards section of the Board to inquire regarding the matter.

**North Dakota** - North Dakota accounting regulations allow for a foreign credential holder to publicly use that credential and perform work within the state – but limited to services to a foreign entity / person. Using the foreign credential while making presentations to students, or others does not appear to meet the specific provision. We have had a few such cases in the last few years, but involving domestic credentials.

**New Hampshire** – Yes. A CPE course makes no difference. There have been no cases in the last three years.

**New Jersey** – So long as the individual does not hold themselves out to be a New Jersey licensee, or claim to be a licensee who qualifies for practice privileges in New Jersey, the individual may make a presentation. However, the distribution of business cards may be construed as offering to provide professional services and, if so, the individual would be considered to be engaged in the practice of public accountancy and that would be prohibited. In New Jersey, non-licensees are permitted to teach CPE so long as they are considered to be a qualified instructor or discussion leader relative to the subject matter. Lastly, the New Jersey Board has had a number of unlicensed practice of public accountancy cases in recent years and vigorously pursues such cases.

**New Mexico** – (a) As long as the instructor is not “holding himself” out as a CPA, then the individual would not be in violation of New Mexico law. If the individual is holding himself out as a CPA and does not reside in New Mexico, then the individual would need a CPA Firm Permit under Practice Privilege requirements. (b) An instructor can teach a CPE course without having the CPA designation. (c) In the past three years, there has been three complaints/cases relevant to the illegal use of the CPA title.

**Ohio** – Yes, the Chartered Accountant could make the presentation and give the business cards out, as long as they do not offer services as a Chartered Accountant.

**Oklahoma** – The Oklahoma Board would not allow anyone to use protected titles in Oklahoma unless they are registered with the Board. In this case, this person would be in violation of Oklahoma’s Accountancy Act. We have issued several cease and desist orders for improper use of the CPA designation.

**Oregon** – Hypotheticals such as Question 1 and 2 in item 3 should not be answered in the absence of a neutral investigation of the facts. There are no scenarios similar to the ones described that have been adjudicated by the Board recently, so this Board cannot really give much of a response. In the past three years the Board has taken disciplinary action in several cases that involved one or more violations of illegal use of title. Most of these cases involved illegal use of title by lapsed or inactive licensees, with only a handful of cases that involved a scenario of people working in Oregon (not the fly-by scenarios in the focus question) that were using the CPA designation without indicating that the CPA license was an out of state license.

**Puerto Rico** – Yes it could happen and if the designation used or presented is CPA, he/she could be violating our local law since he/she must be an accepted CPA in Puerto Rico. However, if he/she is a Chartered Accountant no violation occurs. We have no records of such actions within the last three years. Yes, it would. In order to teach a CPE course the expertise of the professional is considered as part of the educational training material if CPE’s validation are requested by the professional student.

**Rhode Island** – (1) Yes; (2) No; (3) Three.

**South Dakota** – A chartered accountant from the Czech Republic could make the presentation to teachers and hand out their business card and not be in violation of our law. As for teaching a CPE course, the question does not provide enough facts or circumstances to provide an answer. We would have to review each situation presented to determine if there is a violation of statutes and/or rules. In regards to the first two parts of this question please also see SDCL 36-20B-59. In the prior three years the board was more likely to issue a cease & desist letter, than bring action against someone for illegal use of title.

**Tennessee** – It is a violation of Tennessee statute for anyone not holding a valid Tennessee license to use the term “accountant.” There have been 56 instances in which we have brought action against someone for illegal use of title.

**Texas** – A chartered accountant not licensed in Texas may not represent themselves as having an expertise in accounting or use the title accountant. You must be a Texas CPA to make the representation. Someone teaching a CPE course would also not be allowed to represent themselves as an accountant. In the last three years the Board opened approximately 1500 cases against



individuals misleading the public as to their licensure. Most have been resolved with voluntary compliance and approximately 60 Cease and Desist orders and 150 Agreed Cease and Desist Orders have been issued. Note: Licensees in the Czech Republic are Certified Accountants not Chartered Accountants.

**Vermont** – It is improbable that the hypothetical Czech visitor would be pursued for unauthorized practice as a consequence of giving out a business card with an accurate Czech professional designation unless the broader context tended to suggest falsely to recipient was licensed in Vermont. In Vermont, “No person may use the title ‘chartered accountant,’ ‘enrolled accountant,’ ‘licensed accountant,’ ‘certified accountant,’ ‘registered accountant,’ ‘accredited accountant,’ or any other title likely to be confused with ‘certified public accountant’ or ‘registered public accountant,’ or the abbreviations ‘CA,’ ‘EA,’ ‘RA,’ ‘LA,’ or ‘AA,’ or similar abbreviations likely to be confused with ‘CPA’ or ‘RPA.’” 26 V.S.A. § 14(d). However, the Accountancy Practice Act does not prohibit a member of any organization from “describing himself or herself by title.” *Id.* § 15(2)(B). Our Practice Act is silent on teaching.

The Board has not historically had disciplinary cases brought for use of the title in the situation outlined in the hypothetical. However, we have recently taken action against a non-CPA who performed bookkeeping services and utilizing the terms “audited financial statements”, and the titles “Accountant, RP”, “NPA” and “EA”.

**Virgin Islands** – Currently, yes, someone from the Czech Republic if visiting and not “conducting business” could hand out his business card without being in violation. Within the last three years the Board has not brought any action against someone for illegal use of title.

**Washington** – (a) Yes; not engaged in the statutory definition of public accounting; (b) No; (c) 59 out of an average annual population of +/-14,500.

**Wisconsin** – None in the last two and a half years that I have been involved.

**Wyoming** – A CA from the Czech Republic would not qualify for practice privileges unless he/she was also licensed by one of the 55 jurisdictions that encompass the United States, Washington, D.C. and territories. Regardless of how and to whom the CA was holding out, it would likely be a violation of the Board’s practice act and rules and regulations and considered to be unlicensed practice. Within the last three years the Board office has issued cease and desist letters at the rate of approximately one per year. As an aside, the Board anticipates the rate of issuance of cease and desist letters may increase with access to the IRS PTIN list for the state.

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

**Alaska** – The Board is starting a major regulation revision. Many of the items are cleanup of out-of-date references, but there are a couple of major changes including removal of the 500 attest hour requirements for licensure and the removal of the State specific ethics requirement at renewal.

**Arizona** – The Board has worked for the last couple legislative sessions to do some clean-up of its statutes. The Board had HB 2218 during the FY 2015 legislative session which updated some firm statutes. The Board underwent a successful sunset audit in the fall of 2014 which resulted in HB

2219 which was a sunset continuation bill that extended the Board's existence for another eight years.

**California – Study on Attest Experience Requirement.** In January 2015, the California Board of Accountancy adopted a study, timeline and outreach plan to examine its attest experience requirement for CPA licensure. The study is anticipated to launch in May 2015.

**Academia Experience for Licensure.** In January 2015, the California Board of Accountancy adopted regulations to allow experience in academia to qualify toward the general accounting experience requirement for initial licensure. It is anticipated that the regulations will be finalized in 2016.

**Assembly Bill (AB) 2396 – Denial of Licensure Based on Expunged Convictions.** AB 2396, which became effective on January 1, 2015, prohibits the California Board of Accountancy, and other licensing boards in California, from denying a license based solely on a prior conviction if the conviction has been dismissed pursuant to Penal Code expungement procedures.

**Colorado** – Colorado is fast approaching a change in licensure and exam requirements on July 1, 2015 to 150 hours for licensure and removing one of the tracks for licensure.

**Connecticut** – The Governor of the State of Connecticut recently proposed a budget, which eliminates the Connecticut State Board of Accountancy's staff and merges the function of the Board into the Department of Consumer Protection, without the current staff. In addition, the Board recently proposed several revisions to our regulations and statutes, including amending the definition of "attest." Further, the Board is proud that it is at full capacity, with the exception of one vacancy. The Board released its first annual newsletter in February with the assistance of NASBA. Further, the Board has begun discussion around accepting the IQEX.

**District of Columbia** – Currently, the Board is working to update the District's law governing accountancy to clarify requirements for firm practice, to update the statute to reflect current licensure policies, and eliminate outdated and un-enforced provisions. Also, the Board is seeking to develop international relationships to encourage the licensure of foreign students and practitioners in the District.

**Florida** – Effective January 1, 2015 firms engaged in the practice of public accounting as defined in s. 473.302(8)(a), except for the performance of compilations and reviews must be enrolled in a peer review program.

The approved the application for PROC Committee and will begin accepting applications April 15, 2015.

HB 373 has been introduced in the current legislative session that clarifies which firms must obtain a firm license.

Accounting education using competency based units.

**Georgia** – We moved from an Umbrella Board to being a stand-alone Board in 2014. We currently have HB246 in Legislation to clean up language in our statutes.

**Guam** – Working to introduce individual mobility legislation in our new legislature.

**Hawaii** – As reported to NASBA earlier, mobility legislation has been introduced to the 2015 State Legislature by the Hawaii Society of CPAs. The Board and other interested parties continue to

meet to discuss the bill and its provisions. Also, with the Board's peer review program beginning in 2017, the Board continues to work toward implementation.

**Illinois BOE** – The Board of Examiners is currently re-writing all Administrative Rules, has joined social media with Facebook and Twitter, creating our first newsletter and is in the process of redesigning our website.

**Indiana** – Our State Society and the Board are piloting a competency based learning program in Indiana for purposes of earning a portion of the required CPE. I believe NASBA is aware of this. In addition, we continue to struggle with state budget and oversight restrictions, in particular with respect to the CPE audit process and with regard to the use of our investigative fund.

**Iowa** – Rolling review of administrative rules.

Legislative Proposals:

Issue 1 – Clarify exemption to private investigator licensing for CPAs who perform forensic accounting work

Issue 2 – Reduce administrative burden relating to CPA firm registrations

Issue 3 – Harmonize laws regulating ownership of CPA firms

Issue 4 – Update definition of “report” in the Iowa Accountancy Act

Issue 5 – Update laws regulating firm permits.

Issue 6 – Update laws regulating unlawful acts.

Issue 7 – Harmonize laws regulating confidential communications.

**Michigan** – We are implementing a citation program for certain violations of the accountancy statute. Instead of taking formal licensing action for “minor” violations, a citation will be issued that imposes a small fine.

**Minnesota** – We are carrying legislation to adopt changes to attest and increase our civil penalty authority from \$2,000 to \$5,000.

**Mississippi** – A portion of the Board's new licensing and reporting database system (LARS) went live in December 2014. CPA Licensees, firms, and retired CPAs renewed online for the 2015 renewal year.

Modules of the new LARS system still in development are: Exam candidates, Original License Applications, Reciprocal License Applications, Reinstatement Applications, Firm Permit Applications, and Discipline. These are to be completed this spring. The CPE module will be developed during the next fiscal year beginning July 1, 2015.

**Montana** – We are attempting legislation that would eliminate the “certificate” only licensing level and require all license applications to obtain the experience before making application for the license.

**Nebraska** – A Board sponsored bill (LB 159) was approved by the Nebraska Legislature and signed into law by the Governor this year. LB 159 will essentially end the Board's Quality Enhancement Program (QEP) and require Peer Review of all Nebraska CPA firm providing attest services. Most firms already complete Peer Review with some completing both and some only completing QEP every three years.

**North Carolina** – The Administrative Procedure Oversight Committee of the North Carolina General Assembly considering the consolidation and elimination of occupational licensing boards received the report from the Program Evaluation Division. The report recommended not to centralize the 57 boards into one agency. However, ten small boards have been identified for review for possible consolidation with other similar type boards. The report is available upon request to the Executive Director. The Board is proceeding to rule-making to allow for a one half hour CPE credit (25 minutes) for group CPE courses and self-study course material. The proposed effective date of the rule is July 1, 2015.

**North Dakota** – We have begun providing active guidance in the selection process of nominees for Board openings. We have added background investigation to the application process for reinstatements, as well as staff research with other applications.

**New Hampshire** – See response to Focus Question # 5.

**New Mexico** – The Rules Committee is working on updating the major New Mexico Administrative Code to revise Peer Review requirements, CPE standards, and various other items.

**Ohio** – We are concerned about recalled peer reviews and the information necessary to pursue discipline in these cases.

**Oklahoma** – The Oklahoma Board is experiencing a significant revenue shortfall. The Governor has recommended that the legislature sweep revolving funds from agencies to help with the shortfall. As a self-funded agency this could be devastating to the Board given our inability to raise fees without legislative approval. Additionally, there is still the concept of consolidating the licensing agencies floating around. Legislatively, the Board requested a bill be introduced to address the definition of attest. It has been introduced as HB 1807. Additionally, a bill was introduced to allow for a grantor trust to have ownership in firms for succession purposes on the death of a sole owner of a firm or a sole proprietor.

**Oregon** – The Board recently received very favorable press coverage for its conclusion of a major contested case last fall. Feedback from the Executive Directors around the country has been that the article is especially helpful in many states where there are attempts to sweep ending balances, because it represents a recent and concrete example of how expensive a contested case can be. A link to the article is here:

<http://www.bendbulletin.com/localstate/2994128-151/run-for-your-money?referrer=carousel7>

The Board is facing a successful legislative session with critical support from OSCPA. This includes unanimous passage of the Board's legislative priority (update of definition of attest and broad update of Board authority) in the Senate and very positive momentum heading in the second chamber. The Board is facing likely approval after a very positive budget hearing for a budget bill that includes continuation, on a permanent basis, of a second dedicated investigator position for the Board. An OSCPA managed fee bill with a significant fee increase for the Board has faced a warm reception to date, and represents significant direct support by OSCPA for the fee bill and budget for the Board.

The issue of the size of our complaint load and backlog continues to be major challenge for the Board, and we are working on optimization and recalibration of our related processes.

The Board is also facing major challenges in steep increases for back-end service charges by other state agencies. The issue of funding other portions of state government via fees assessed to CPAs is an issue in several other states. There have been on-going conversations with OSCPA and

OAIA on this topic, including as part of the discussion of fee increases which were driven higher by this problem.

**Puerto Rico** – We are working closely with the State Society to manage peer review requirements to prepare for future enforcement.

**Rhode Island** – (1) Provide amount of the number of CPEs per jurisdiction. (2) Generic Reasons, why the number of CPEs was chosen. If it is legislative or Board rule. (3) If jurisdictions do random CPE Audits – How is the Audit calculated (i.e. percentage being audited) and what are the policies and procedures?

**Tennessee** – We are using the PTIN listing to notify Tennessee licensees that they must offer accounting services (which includes tax preparation) out of a registered accounting firm. Licensees working for national tax preparation firms appear to be in violation of the Tennessee law and rules and are being cautioned so that they can protect their license.

**Texas** – ERISA Audits - We are continuing to work closely with the DOL to assure that the program continues to be effective. To that extent, Marus Aron, Senior Auditor of the US Department of Labor will be visiting with the Board staff on March 9, 2015 in Austin regarding ERISA Audits and Peer Review issues.

**Vermont** – From February 25 Northeast Regional Conference Call: Joshua Partlow, Chair, said a new Board Legal Counsel, Gabe Gilman, was assigned to the Board in January. The former Board counsel was appointed Director of the Office of Professional Regulation. The Office of Professional Regulation is advancing legislation to rationalize and streamline the handling of late renewals and brief, inadvertent unlicensed practice for all licenses, including accountancy. This action would impose defined, non-disciplinary administrative penalties where previously the agency was constrained to address inadvertent failure to maintain continuous licensure only as a disciplinary problem. Legislation should go through soon so that late renewals do not have to go to a Board hearing each time and prosecutors can focus on bigger cases. The Board also is considering employing appointed hearing officers for disciplinary hearings to deal more efficiently with discipline cases while reducing legal conflicts of interest and recusals. This summer or fall, we will consider firm mobility and changing the definition of attest. We will also consider requiring firms to opt into the AICPA's Facilitated Access Program, and starting with the July 2015 license renewal, we are going to require licensees to list CPE classes at renewal. Having CPE classes listed will tend to improve CPE reporting accuracy and facilitate disciplinary action where false CPE claims are found.

**Washington** –

- Potential “Sweep” of all or a large portion of the agency’s Cash (Fund) Balance.
- Requested AGO Opinion whether CPA-Inactive certificate holders as of July 1, 2006 can renew that status.
- Foreign individuals from foreign countries has increased from +/- 10% to over 20% of the total population of individual licensees.
- Complaint by a WA licensee who is a resident of South Korea that staff in certain large firms in that country are using the title CPA after passing the exam but prior to licensure.
- Significant requests for CPA services from businesses in the developing medical and recreational marijuana/hemp industry resulting in an increase in call volumes to the Board’s office for guidance.

- The Board is evaluating our statute and Board rules for possible changes to conform to the UAA, where cost effective.
- The Executive Director is seeking legal assistance to determine how and if the court decision on the NC Dental Case affects the Washington State regulatory scheme.

**Wisconsin** – We are rewriting our accountancy rules and state statutes currently and anticipate including CPE requirements for relicensure within the next year.

**Wyoming** – A new Public Service Announcement was created by NASBA’s Communications Team. The Board office plans to distribute the PSA to television and radio stations. It will be posted to the Board’s website, Facebook page and shared with anyone who wishes to use it in presentations. The PSA is of very high quality and the feedback we have received so far has been very positive.

The Board is shopping for a new licensing management system to replace its outdated 20+ year old ACCESS database.

Legislation enacted in July, 2014, continues to be sorted out and implemented. The legislation includes a number of new requirements for licensing boards and commissions in Wyoming and it can be found at WYO.STAT.ANN. §§ 33-1-301 through 303.

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

**Alaska** – The Board is currently in a deficit position and it may take up to four years to correct this issue. During that time the Board may request scholarships to maintain participation in NASBA functions.

**California** – **Study on Attest Experience Requirement.** The California Board of Accountancy will be seeking input from other state boards of accountancy as well as NASBA through an online survey regarding the attest experience requirement. The California Board of Accountancy would greatly appreciate NASBA’s response to the study along with any assistance it could offer in obtaining responses from other state boards.

**Colorado** – The Colorado Board is interested in knowing more about the timing of having access to the CPE tracking tool.

**Connecticut** – NASBA has been a tremendous aid to the Connecticut State Board of Accountancy as we attempt to maintain the staff and current residence of the Board with the Secretary of State.

**District of Columbia** – Yes, NASBA can be of assistance with the Board newsletter and promotional video PSA’s as well as working to increase the number of international applicants to D.C.

**Florida** – Staff has found the training materials online for the enforcement team a very valuable resource.

**Georgia** – How to handle non-U.S. citizen applicants. Help on rewrite of our Accounting Board Policies.

**Guam** – Produce a white paper addressing legal issues of prosecuting violators under a combination of MRA licensees + mobility statutes when the jurisdiction of practice experiencing a violation has not signed on to the MRA.

**Hawaii** – Yes, NASBA can continue to assist the Hawaii Board with participation in the ALD and other services, and continue to support the Board with scholarships and other assistance to attend NASBA meetings and conferences.

**Idaho** – Pat Hartman is currently assisting the Idaho Board with an issue of seat availability at one of our Idaho testing sites. Pam is working with the Executive Director and Prometric to find a resolution.

**Illinois BOE** – NASBA will be assisting in the creation and distribution of our first newsletter due out late April or early May as well as developing short videos for use in our new website.

**Minnesota** – We would like to thank NASBA for the summary of the Supreme Court case and for the excellent legislative support.

**Mississippi** – The Board recently discussed the topic of “college credits awarded based on life experiences.” It would be helpful if NASBA gathered additional information and documentation on this topic, including how other Boards are dealing with this issue.

**Nebraska** – Nebraska continues to be hopeful that NASBA will continue to consider support for State Board’s IT needs including development of “templates” for RFP’s and backend database and licensing support.

**North Carolina** – The Board has asked NASBA for assistance in filing an Amicus Brief regarding an Appeals Court ruling in a North Carolina case that could affect the ability of North Carolina CPAs to perform audits in North Carolina and possibly could be used as a precedent in other jurisdictions.

**New Hampshire** – The Board requests NASBA’s assistance with obtaining information regarding the position, if any, of other States regarding the medical marijuana issue outlined in the attached letter [attached as Appendix A].

**New Jersey** – Recently, the New Jersey Board was given a demonstration on how NASBA can assist in the conduct of CPE Audits. We are very interested in having NASBA provide this service to our Board.

**Ohio** – Any further information pertaining to the subject of focus question No. 4 above would be most helpful in determining what Ohio decides.

**Oklahoma** – We may need assistance with both proposed pieces of legislation and to fight off the sweeping of our revolving fund.

**Oregon** - NASBA is currently providing assistance through legislative monitoring and IT assistance through a Gateway project involving elimination of hand entry of grade data. NIES continues to do a very admirable job on foreign evaluations – we are very pleased with the service.

The Oregon Board will monitor closely any NASBA developments on additional resources on investigations that NASBA may be able to roll out soon, with a primary view toward assessing whether these resources could help the Board reduce the size of its complaints backlog.

**Rhode Island** – Board member Kevin Tracy is on the Communications Committee and is working on a newsletter for the Rhode Island Board in conjunction with the RISCPCAs, such as having a NASBA corner in an electronic format as a downloadable .pdf.

**Tennessee** – We are working to get our PROC up and running. That is a priority and we would certainly welcome any assistance on that front.

**Virgin Islands** – Yes, as our Board is preparing to transition to new legislation conforming to UAA in May. This is a huge step, and assistance is needed in updating applications, public announcements, staff training, etc.

**Wisconsin** – Not beyond help NASBA is currently providing.

**Wyoming** – The Wyoming Board is grateful for NASBA’s support and appreciates the responsiveness it receives when it needs anything.

Ed Barnicott is staffing a task force that is engaged in developing model requirements for a BOA licensing system. The work of that task force has been very helpful to this Board as it creates its contract and list of deliverables for an outside licensing management system vendor.

**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: VI, WI
- Input only from Executive Director: AZ, CT, IA, MI, OH
- Input only from Board Chair and Executive Director: AK, AL, ID, KS, MO, MS, MT, NC, ND, NM, OR, TN, TX
- Input from all Board Members and Executive Director: CA, DC, FL, GA, GU, HI, NH, OK, NV, SD, WY
- Input from some Board Members and Executive Director: CO, IL BOE, MN, NE, VT, WA
- Input from all Board Members: IN
- Input from some Board Members: PR, RI
- Other: Assistant Attorney General was helpful: IA

4.9.15