



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
 301 E. 14th Street, Suite 200
 Sioux Falls, SD 57104
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www.state.sd.us/dot/boards/accountancy

Agenda
 South Dakota Board of Accountancy Meeting
 Southeastern Behavioral HealthCare Conference Room
 Sioux Falls, SD
 8:30 a.m. (CT)
 August 19, 2010

A=Action

D=Discussion

I=Information

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A-Nominating Committee.....	Oratory
A-Approval of Minutes of Meeting July 12, 2010.....	2-3
A-Approval of Certificates & Firm Permits.....	4-5
A-Financial Statements through July 31, 2010.....	6-25
9:00 NASBA Regional Director.....	Oratory
A-Report to Board on NASBA Annual Meeting – Tentative Agenda.....	26-30
A-Report to Board on Grades.....	31-32
A-Request from Licensee.....	33
D-Online Renewal Statistics.....	34
A-FY12 Proposed Budget.....	35-36
D-Board Talking Points.....	37
D-Board Review of Records Retention Policy.....	38
South Dakota.....	39-58
Minnesota.....	59-60
Kansas.....	61
Iowa.....	62
Missouri.....	63-95
North Dakota 1 & 2.....	96-114
1:30 SD CPA Society.....	115
NASBA	
D-Board of Directors Meeting Minutes April 23, 2010.....	116-126
D-Board of Directors Meeting Highlights July 23, 2010.....	127-128
A-Regional Director’s Focus Questions.....	129-130
D-Draft Paper – Definition of Independence.....	131-135
D-Draft Paper – Ethical Issues with Performing Audit/Attest Services Below Cost.....	136-156
EXECUTIVE SESSION	
Equivalent Reviews & Disciplinary Action.....	Spt. Pkt.

FUTURE MEETING DATES (all times CDT) - TBD



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BOARD OF ACCOUNTANCY**

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South Dakota Board of Accountancy
Minutes of Meeting
Conference Call
9:00 a.m. (CT)
July 12, 2010

The Board of Accountancy held a meeting by conference call on Monday, July 12, 2010. Chair Holly Brunick called the meeting to order at 9:12 a.m.

A roll call was taken to confirm that the following members were present: Holly Brunick, Marty Guindon, John Linn, Jr., John Mitchell, David Olson, and John Peterson. A quorum was present.

Also present were Sherri Sundem Wald, Legal Counsel; Nicole Kasin, Executive Director; Tricia Nussbaum, Secretary; and Todd Kolden, Department of Labor.

Chair Holly Brunick asked if there were any additions to the agenda. The following additions were added:

Firm Permit
Report to the Board on Online Renewal Stats
Follow-Up on Certified Forensic Accountant Letter

A motion was made by John Mitchell and seconded by John Peterson to approve the June 17, 2010 meeting minutes. A roll call vote was taken. The motion carried. 5 ayes; 1 abstained (Olson).

A motion was made by David Olson and seconded by Marty Guindon to approve the issuance of individual certificates and firm permits through July 12, 2010. A roll call vote was taken. The motion unanimously carried.

The Board discussed the report on Online Renewal Stats. It was noted that this was the last year for mailing out the paper forms and that next renewal year only a postcard would be sent as a notice to renew.

The Board discussed the follow-up on the Certified Forensic Accountant letter. Our rules state that in order to use the term accountant you have to be a licensed CPA.

A motion was made by David Olson and seconded by Marty Guindon to send a letter of response including reference to our rules and statutes to address the Certified Forensic Accountant letter. A roll call vote was taken. The motion unanimously carried.

David Olson, Holly Brunick, and Nicole Kasin gave a recap of the NASBA Western Regional Conference. Olson discussed peer review and the lack of transparency, IFRS and the CPA exam. Brunick also discussed the fines other boards have for CPE violations that range anywhere from \$250-\$1,000.

The Board discussed in length the NASBA Selection Advisory Process. The Tennessee Board letter addressed to the Selection Advisory Committee was reviewed and noted that it was well written. The Board agreed that they would prefer to see a CPA fill the position.

A motion was made by David Olson to have Nicole Kasin and Holly Brunick draft a letter relating to the Selection Advisory Committees search process and to inquire as to the regional director's interest in supporting such letter. No second. Motion failed.

The Board discussed the NASBA Position Paper on Semi-Independent State Boards.

The Board briefly discussed the following from NASBA: Nominations Support Letters- David Duree, Director at Large, support from Oklahoma; and NASBA's response to the Supreme Court Ruling in Free Enterprise v. PCAOB.

The Board briefly discussed the response to Supreme Court Ruling in Free Enterprise v. PCAOB from the PCAOB.

A motion was made by Marty Guindon and seconded by David Olson to enter into executive session for the purpose of discussing peer reviews and disciplinary actions. A roll call vote was taken. The motion unanimously carried.

David Olson left the meeting at 10:47 a.m.

The Board came out of executive session.

A motion was made by Marty Guindon and seconded by John Linn Jr. to accept the peer reviews and disciplinary actions as discussed in executive session. A roll call vote was taken. The motion carried. 5 ayes; 1 excused (Olson).

The Board further discussed enforcement verses disciplinary actions and agreed that both need to be posted on the website.

The Board would like to consider a possible rule or statute change regarding violation of attest work being subject to a fine.

Director Kasin discussed attending the CPA Societies Educators Conference in August. Peterson and Brunick may also attend.

Future meeting dates were discussed and set as follows (in CDT):
August 19-8:30 a.m. Conference Room at Southeastern Behavioral HealthCare, Sioux Falls

A motion was made by John Peterson and seconded by Marty Guindon to adjourn the meeting. A roll call vote was taken. The motion carried. 5 ayes; 1 excused (Olson).

All business having come before the board was concluded and Chair Holly Brunick adjourned the meeting at 11:30 a.m.

Holly Brunick, CPA, Chair

Attest: _____
Nicole Kasin, Executive Director

John Peterson, Secretary/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through August 10, 2010

Number	Name	Date Issued	Location
2939	Zachariah T. Thies	7/15/10	Sioux Falls, SD
2940	Megan Marie Gough	7/15/10	Sioux Falls, SD
2942	Erica Kirsten Bjerrum	7/23/10	Sioux Falls, SD
2943	Stephanie Lynn Suhrbier	7/23/10	Sioux Falls, SD
2944	Matthew J. Sayler	7/26/10	Sioux Falls, SD
2945	Andrew H. Schuman	8/02/10	Chamberlain, SD
2716	Terry Hayberg Grant	8/30/06	Rapid City, SD
2946	Clay Tyler Noteboom	8/10/10	Sioux Falls, SD

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

**Issued Through
August 10, 2010**

Number	Name	Date Issued	Basis/Comments
1481	Auten Accounting Solutions LLC Sioux Falls, SD	8/02/10	New Firm
1482	Wilson Downing Group, LLC Lakewood, CO	8/04/10	New Firm
1483	Wipfli LLP Milwaukee, WI	8/04/10	Additional Location
1484	McGladrey & Pullen, LLP Rochester, MN	8/04/10	Additional Location
1485	LarsonAllen LLP Richardson, TX	8/04/10	Additional Location
1486	LarsonAllen LLP Mesa, AZ	8/04/10	Additional Location
1487	LarsonAllen LLP St. Louis, MO	8/04/10	Additional Location
1488	KPMG LLP New York, NY	8/04/10	Additional Location
1489	Deloitte Tax LLP Stamford, CT	8/04/10	Additional Location
1490	Wipfli LLP Eau Claire, WI	8/04/10	Additional Location
1491	Grant Thornton LLP Dallas, TX	8/04/10	Additional Location
1492	PricewaterhouseCoopers LLP Kansas City, MO	8/04/10	Additional Location
1493	PricewaterhouseCoopers LLP McLean, VA	8/04/10	Additional Location
1494	PricewaterhouseCoopers LLP Springdale, AR	8/04/10	Additional Location
1495	Walter B. Anderson, CPA Rapid City, SD	8/05/10	Name Change

BA1409R1

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 06/30/2010

PAGE

114

AGENCY: 10 LABOR BOARD OF ACCOUNTANCY
BUDGET UNIT: 1031

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	280,170.50	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL			280,170.50	DR *	
COMP/BUDG UNIT TOTAL			280,170.50	DR **	
BUDGET UNIT TOTAL			280,170.50	DR ***	

BA0205A5 07/15/2010

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/30/2010

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

COMP CENTER ACCOUNT DOCUMENT POSTING JV ADEPVL # SHORT VENDOR VENDOR AMOUNT DR/

COMPANY NO 6503 PROFESSIONAL & LICENSING BOARDS

6503 1031000061802 51010100 CGEXI00527 06/02/2010 554607 DR

6503 1031000061802 51010100 CGEXI00611 06/16/2010 554607 DR

6503 1031000061802 51010200 CGEXI00527 06/02/2010 554607 DR

6503 1031000061802 51010200 CGEXI00611 06/16/2010 554607 DR

6503 1031000061802 51010300 CGEXI00527 06/02/2010 554607 DR

6503 1031000061802 51020200 CGEXI00527 06/02/2010 554607 DR

6503 1031000061802 51020200 CGEXI00611 06/16/2010 554607 DR

6503 1031000061802 51020800 CGEXI00527 06/02/2010 554607 DR

6503 1031000061802 51020800 CGEXI00611 06/16/2010 554607 DR

6503 1031000061802 51020900 CGEXI00527 06/02/2010 554607 DR

6503 1031000061802 51020900 CGEXI00611 06/16/2010 554607 DR

6503 1031000061802 52030100 MP005051 06/18/2010 554607 DR

6503 1031000061802 52030300 CGEXI00608 06/09/2010 554607 DR

6503 1031000061802 52030300 CGEXI00608 06/09/2010 554607 DR

6503 1031000061802 52030300 CGEXI00608 06/09/2010 554607 DR

6503 1031000061802 52031000 7330,31,32,33,34 06/17/2010 99630546 HOLIDAYINN 12058711 232.50 DR

6503 1031000061802 52031000 7330,31,32,33,34 06/17/2010 99630546 LODGING/IN-STATE 232.50 DR

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 06/30/2010

AGENCY	BUDGET UNIT	CENTER-5	10	1031	10310	LABOR BOARD OF ACCOUNTANCY BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
6503	103100061802	52031400				TAXABLE MEALS/IN-STATE	CGEX100608	06/09/2010	554607				14.00	DR
6503	103100061802	52031500				TAXABLE MEALS/IN-STATE	CGEX100608	06/09/2010	554608				14.00	DR *
6503	103100061802	52031500				TAXABLE MEALS/IN-STATE	CGEX100608	06/09/2010	554609				26.00	DR
6503	103100061802	52031500				TAXABLE MEALS/IN-STATE	CGEX100608	06/09/2010	554611				26.00	DR
6503	103100061802	52031500				TAXABLE MEALS/IN-STATE	CGEX100608	06/09/2010	554610				14.00	DR
6503	103100061802	52031500				TAXABLE MEALS/IN-STATE	CGEX100608	06/09/2010	554612				14.00	DR
6503	103100061802	52040200				DUES & MEMBERSHIP FEES	DP005101	06/29/2010					240.00	DR *
6503	103100061802	52040200				DUES & MEMBERSHIP FEES	DP005101	06/29/2010					441.00	DR
6503	103100061802	52041800				COMPUTER SERVICES-STATE	PL005050	06/18/2010					441.00	DR *
6503	103100061802	52042200				CENTRAL SERVICES	58672	06/29/2010	01929013	BESTBUSINE	12031022		47.70	DR *
6503	103100061802	52042200				EQUIPMENT SERV & MAINT	10SC100032 JUN10	06/17/2010	99630290	SUNSETOFFI	12043890		32.34	DR *
6503	103100061802	52044600				JANITORIAL & MAINT SERV	58672	06/29/2010	01929013	BESTBUSINE	12031022		117.00	DR *
6503	103100061802	52044900				EQUIPMENT RENTAL	ACCCOUNTRENT10	06/29/2010	01929182	MCGINNISRO	12074040		93.60	DR *
6503	103100061802	52045300				RENTS-PRIVATE OWNED PROP.	TL005161	06/09/2010					1,269.45	DR *
6503	103100061802	52045300				TELECOMMUNICATIONS SVCS	5159417006 MAY10	06/16/2010	01927690	XCELENERGY	12023853		91.50	DR *
6503	103100061802	52045600				ELECTRICITY	65627	06/29/2010	99633389	ECONWATER	12035896		59.13	DR
6503	103100061802	52047400				WATER	CI100A-098	06/04/2010	024878				23.35	DR
6503	103100061802	52049600				BANK FEES AND CHARGES	13299124	06/17/2010	99629622	NATLASSNST	12005047		31.00	DR *
6503	103100061802	52050200				OTHER CONTRACTUAL SERVICE	1410387-0	06/29/2010	99633072	BROWNSAENG	12028533		9,706.60	DR *
						CONTRACTUAL SERVICES							12,152.67	DR **
													52.15	DR **

South Dakota Board of Accountancy
Balance Sheet
As of June 30, 2010

	Jun 30, 10
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	3,674.53
1140000 · Pool Cash State of SD	280,170.50
Total Checking/Savings	283,845.03
Total Current Assets	283,845.03
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-80,717.09
Total 1670000 · Computer Software	59,346.14
Total Fixed Assets	59,346.14
TOTAL ASSETS	343,191.17
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	4,841.72
Total Accounts Payable	4,841.72
Other Current Liabilities	
2510000 · Deferred Revenue	25,010.00
2810000 · Amounts Held for Others	22,979.05
Total Other Current Liabilities	47,989.05
Total Current Liabilities	52,830.77
Long Term Liabilities	
2960000 · Compensated Absences Payable	10,038.53
Total Long Term Liabilities	10,038.53
Total Liabilities	62,869.30
Equity	
3220000 · Unrestricted Net Assets	197,012.60
3300100 · Invested In Capital Assets	59,346.14
3900 · Retained Earnings	17,421.83
Net Income	6,541.30
Total Equity	280,321.87
TOTAL LIABILITIES & EQUITY	343,191.17

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2009 through June 2010

	Jul '09 - Jun 10	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-25.00			
4293550 · Initial Individual Certificate - Other	3,275.00	2,500.00	775.00	131.0%
Total 4293550 · Initial Individual Certificate	3,250.00	2,500.00	750.00	130.0%
4293551 · Certificate Renewals-Active	54,400.00	62,000.00	-7,600.00	87.7%
4293552 · Certificate Renewals-Inactive				
5208014 · REFUNDS	-50.00			
4293552 · Certificate Renewals-Inactive - Other	19,750.00	24,000.00	-4,250.00	82.3%
Total 4293552 · Certificate Renewals-Inactive	19,700.00	24,000.00	-4,300.00	82.1%
4293553 · Certificate Renewals-Retired	660.00	600.00	60.00	110.0%
4293554 · Initial Firm Permits	1,150.00	1,500.00	-350.00	76.7%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	19,750.00	20,350.00	-600.00	97.1%
Total 4293555 · Firm Permit Renewals	19,700.00	20,350.00	-650.00	96.8%
4293557 · Initial Audit				
5208011 · REFUNDS	-30.00			
4293557 · Initial Audit - Other	600.00	580.00	20.00	103.4%
Total 4293557 · Initial Audit	570.00	580.00	-10.00	98.3%
4293558 · Re-Exam Audit	2,010.00	1,660.00	350.00	121.1%
4293560 · Late Fees-Initial Certificate				
5208013 · REFUNDS	-100.00			
4293560 · Late Fees-Initial Certificate - Other	350.00			
Total 4293560 · Late Fees-Initial Certificate	250.00			
4293561 · Late Fees-Certificate Renewals				
5208006 · REFUNDS	-50.00			
4293561 · Late Fees-Certificate Renewals - Other	5,950.00	6,000.00	-50.00	99.2%
Total 4293561 · Late Fees-Certificate Renewals	5,900.00	6,000.00	-100.00	98.3%
4293563 · Late Fees-Firm Permit Renewals	800.00	800.00	0.00	100.0%
4293564 · Late Fees-Peer Review	950.00	1,050.00	-100.00	90.5%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-260.00			
4293566 · Firm Permit Individual - Other	68,615.00	67,000.00	1,615.00	102.4%
Total 4293566 · Firm Permit Individual	68,355.00	67,000.00	1,355.00	102.0%
4293567 · Peer Review Admin Fee	3,900.00	6,100.00	-2,200.00	63.9%
4293568 · Firm Permit Name Change	180.00	400.00	-220.00	45.0%
4293569 · Initial FAR	930.00	690.00	240.00	134.8%
4293570 · Initial REG	600.00	380.00	220.00	157.9%
4293571 · Initial BEC	900.00	670.00	230.00	134.3%
4293572 · Re-Exam FAR	1,890.00	1,540.00	350.00	122.7%
4293573 · Re-Exam REG	1,980.00	1,680.00	300.00	117.9%
4293574 · Re-Exam BEC	1,980.00	2,020.00	-40.00	98.0%
4491000 · Interest and Dividend Revenue	16,687.62	10,000.00	6,687.62	166.9%
4896021 · Legal Recovery Cost	1,047.36	1,000.00	47.36	104.7%
Total Income	207,789.98	212,520.00	-4,730.02	97.8%
Expense				
5101010 · F-T Emp Sal & Wages	61,281.26	66,239.00	-4,957.74	92.5%
5101020 · P-T/Temp Emp Sal & Wages	17,153.23	19,380.00	-2,226.77	88.5%
5101030 · Board & Comm Mbrs Fees	3,300.00	4,020.00	-720.00	82.1%
5102010 · OASI-Employer's Share	5,934.79	6,549.00	-614.21	90.6%
5102020 · Retirement-ER Share	4,706.12	5,147.00	-440.88	91.4%
5102060 · Health /Life Ins.-ER Share	16,272.53	16,869.00	-596.47	96.5%
5102080 · Worker's Compensation	51.10	133.00	-81.90	38.4%
5102090 · Unemployment Insurance	51.06	25.00	26.06	204.2%
5203010 · Auto--State Owned	309.71	500.00	-190.29	61.9%
5203020 · Auto-Private-Ownes Low Mileage	361.60	150.00	211.60	241.1%
5203030 · In State-Auto- Priv. High Miles	810.30	2,100.00	-1,289.70	38.6%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
 July 2009 through June 2010

	Jul '09 - Jun 10	Budget	\$ Over Budget	% of Budget
5203100 · In State-Lodging	422.46	1,000.00	-577.54	42.2%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not OverNigt	23.00	100.00	-77.00	23.0%
5203150 · InState-Non-Tax Meals OverNight	286.00	500.00	-214.00	57.2%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	3,864.48	6,700.00	-2,835.52	57.7%
5203280 · OS-Other Public Carrier	494.25	500.00	-5.75	98.9%
5203300 · OS-Lodging	6,356.35	7,800.00	-1,443.65	81.5%
5203320 · OS-Incidentals to Travel	385.00	200.00	185.00	192.5%
5203350 · OS-Non-Taxable Meals Overnight	817.00	1,000.00	-183.00	81.7%
5204010 · Subscriptions	556.34	1,000.00	-443.66	55.6%
5204020 · Dues and Membership Fees	3,590.00	3,900.00	-310.00	92.1%
5204030 · Legal Document Fees	15.00	1,000.00	-985.00	1.5%
5204040 · Consultant Fees-Accounting	0.00	5,000.00	-5,000.00	0.0%
5204160 · Workshop Registration Fees	4,995.00	6,500.00	-1,505.00	76.8%
5204180 · Computer Services-State	519.00	1,000.00	-481.00	51.9%
5204181 · Computer Development Serv-State	5,856.00			
5204200 · Central Services	6,091.28	7,500.00	-1,408.72	81.2%
5204220 · Equipment Service & Maintenance	88.14	500.00	-411.86	17.6%
5204230 · Janitorial/Maintenance Services	1,404.00	1,680.00	-276.00	83.6%
5204340 · Computer Software Maintenance	407.50	1,500.00	-1,092.50	27.2%
5204360 · Advertising-Newspapers	1,139.27	2,100.00	-960.73	54.3%
5204440 · Newsletter Publishing	1,032.30	1,100.00	-67.70	93.8%
5204460 · Equipment Rental	3,843.75	6,000.00	-2,156.25	64.1%
5204480 · Microfilm and Photography	417.38	700.00	-282.62	59.6%
5204490 · Rents Privately Owned Property	15,183.00	15,531.00	-348.00	97.8%
5204530 · Telecommunications Services	2,169.22	2,500.00	-330.78	86.8%
5204540 · Electricity	684.25	865.00	-180.75	79.1%
5204560 · Water	140.10	240.00	-99.90	58.4%
5204590 · Insurance Premiums/Surety Bonds	1,530.00	1,710.00	-180.00	89.5%
5204740 · Bank Fees and Charges	1,809.10	25.00	1,784.10	7,236.4%
5204960 · Other Contractual Services	0.00	2,000.00	-2,000.00	0.0%
5205020 · Office Supplies	1,533.18	2,000.00	-466.82	76.7%
5205310 · Printing State	130.76	500.00	-369.24	26.2%
5205320 · Printing/Duplicating/Binding Co	958.13	1,800.00	-841.87	53.2%
5205330 · Supplemental Publications	598.75	700.00	-101.25	85.5%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	3,035.99	3,100.00	-64.01	97.9%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	6,800.00	-6,800.00	0.0%
5207960 · Computer Software Expense	1,301.55	10,000.00	-8,698.45	13.0%
5228000 · Operating Transfers Out-NonBudg	7,269.05	5,000.00	2,269.05	145.4%
5228030 · Depreciation Expense	12,070.40			
Total Expense	201,248.68	231,763.00	-30,514.32	86.8%
Net Ordinary Income	6,541.30	-19,243.00	25,784.30	-34.0%
Net Income	6,541.30	-19,243.00	25,784.30	-34.0%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
 June 2010

	<u>Jun 10</u>	<u>Jun 09</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	50.00	650.00	-600.00	-92.3%
4293551 · Certificate Renewals-Active	50.00	0.00	50.00	100.0%
4293552 · Certificate Renewals-Inactive	0.00	0.00	0.00	0.0%
4293553 · Certificate Renewals-Retired	0.00	0.00	0.00	0.0%
4293554 · Initial Firm Permits	50.00	25.00	25.00	100.0%
4293555 · Firm Permit Renewals	50.00	0.00	50.00	100.0%
4293556 · Notification	0.00	300.00	-300.00	-100.0%
4293557 · Initial Audit	150.00	120.00	30.00	25.0%
4293558 · Re-Exam Audit	210.00	120.00	90.00	75.0%
4293561 · Late Fees-Certificate Renewals	50.00	0.00	50.00	100.0%
4293564 · Late Fees-Peer Review	300.00	650.00	-350.00	-53.9%
4293566 · Firm Permit Individual	520.00	280.00	240.00	85.7%
4293567 · Peer Review Admin Fee	900.00	1,575.00	-675.00	-42.9%
4293568 · Firm Permit Name Change	50.00	0.00	50.00	100.0%
4293569 · Initial FAR	120.00	30.00	90.00	300.0%
4293571 · Initial BEC	60.00	90.00	-30.00	-33.3%
4293572 · Re-Exam FAR	360.00	120.00	240.00	200.0%
4293573 · Re-Exam REG	240.00	150.00	90.00	60.0%
4293574 · Re-Exam BEC	150.00	300.00	-150.00	-50.0%
4491000 · Interest and Dividend Revenue	0.00	-10,578.00	10,578.00	100.0%
Total Income	3,310.00	-6,168.00	9,478.00	153.7%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	705.21	-705.21	-100.0%
5101010 · F-T Emp Sal & Wages	5,459.52	9,169.51	-3,709.99	-40.5%
5101020 · P-T/Temp Emp Sal & Wages	1,511.81	2,800.82	-1,289.01	-46.0%
5101030 · Board & Comm Mbrs Fees	420.00	1,080.00	-660.00	-61.1%
5102010 · OASI-Employer's Share	540.36	949.26	-408.90	-43.1%
5102020 · Retirement-ER Share	418.28	718.24	-299.96	-41.8%
5102060 · Health /Life Ins.-ER Share	1,443.24	2,489.59	-1,046.35	-42.0%
5102080 · Worker's Compensation	3.48	14.53	-11.05	-76.1%
5102090 · Unemployment Insurance	4.53	7.78	-3.25	-41.8%
5203010 · Auto--State Owned	150.81	162.40	-11.59	-7.1%
5203100 · In State-Lodging	0.00	50.23	-50.23	-100.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	14.00	-14.00	-100.0%
5203260 · OS-Air Commercial Carrier	537.30	1,145.70	-608.40	-53.1%
5203280 · OS-Other Public Carrier	92.25	144.00	-51.75	-35.9%
5203300 · OS-Lodging	920.20	1,448.56	-528.36	-36.5%
5203320 · OS-Incidentals to Travel	55.00	30.00	25.00	83.3%
5203350 · OS-Non-Taxable Meals Overnight	125.00	230.00	-105.00	-45.7%
5204020 · Dues and Membership Fees	240.00	25.00	215.00	860.0%
5204180 · Computer Services-State	57.00	84.00	-27.00	-32.1%
5204181 · Computer Development Serv-State	384.00	-51,158.40	51,542.40	100.8%
5204200 · Central Services	47.70	111.33	-63.63	-57.2%
5204220 · Equipment Service & Maintenance	32.34	27.24	5.10	18.7%
5204230 · Janitorial/Maintenance Services	117.00	120.00	-3.00	-2.5%
5204340 · Computer Software Maintenance	107.50	0.00	107.50	100.0%
5204460 · Equipment Rental	93.60	252.39	-158.79	-62.9%
5204490 · Rents Privately Owned Property	1,269.45	1,244.25	25.20	2.0%
5204530 · Telecommunications Services	167.50	229.99	-62.49	-27.2%
5204540 · Electricity	55.18	49.83	5.35	10.7%
5204560 · Water	23.35	0.00	23.35	100.0%
5204740 · Bank Fees and Charges	31.00	141.61	-110.61	-78.1%
5205020 · Office Supplies	547.46	153.81	393.65	255.9%
5205310 · Printing State	130.76	0.00	130.76	100.0%
5205320 · Printing/Duplicating/Binding Co	6.90	0.00	6.90	100.0%
5205350 · Postage	0.00	8.46	-8.46	-100.0%
5207960 · Computer Software Expense	955.05	0.00	955.05	100.0%
5228000 · Operating Transfers Out-NonBudg	880.22	974.40	-94.18	-9.7%
5228030 · Depreciation Expense	1,005.94	1,005.86	0.08	0.0%
Total Expense	17,833.73	-25,570.40	43,404.13	169.7%
Net Ordinary Income	-14,523.73	19,402.40	-33,926.13	-174.9%
Other Income/Expense				

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
 June 2010

	<u>Jun 10</u>	<u>Jun 09</u>	<u>\$ Change</u>	<u>% Change</u>
Other Expense				
5228090 · SecurtyLendingRebateFees	0.00	-1,788.00	1,788.00	100.0%
Total Other Expense	<u>0.00</u>	<u>-1,788.00</u>	<u>1,788.00</u>	<u>100.0%</u>
Net Other Income	<u>0.00</u>	<u>1,788.00</u>	<u>-1,788.00</u>	<u>-100.0%</u>
Net Income	<u><u>-14,523.73</u></u>	<u><u>21,190.40</u></u>	<u><u>-35,714.13</u></u>	<u><u>-168.5%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2009 through June 2010

	Jul '09 - Jun 10	Jul '08 - Jun 09	\$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	3,250.00	2,600.00	650.00	25.0%
4293551 · Certificate Renewals-Active	54,400.00	55,750.00	-1,350.00	-2.4%
4293552 · Certificate Renewals-Inactive	19,700.00	22,000.00	-2,300.00	-10.5%
4293553 · Certificate Renewals-Retired	660.00	570.00	90.00	15.8%
4293554 · Initial Firm Permits	1,150.00	1,625.00	-475.00	-29.2%
4293555 · Firm Permit Renewals	19,700.00	20,075.00	-375.00	-1.9%
4293556 · Notification	0.00	13,900.00	-13,900.00	-100.0%
4293557 · Initial Audit	570.00	660.00	-90.00	-13.6%
4293558 · Re-Exam Audit	2,010.00	1,380.00	630.00	45.7%
4293560 · Late Fees-Initial Certificate	250.00	0.00	250.00	100.0%
4293561 · Late Fees-Certificate Renewals	5,900.00	4,850.00	1,050.00	21.7%
4293563 · Late Fees-Firm Permit Renewals	800.00	850.00	-50.00	-5.9%
4293564 · Late Fees-Peer Review	950.00	1,750.00	-800.00	-45.7%
4293566 · Firm Permit Individual	68,355.00	66,300.00	2,055.00	3.1%
4293567 · Peer Review Admin Fee	3,900.00	5,775.00	-1,875.00	-32.5%
4293568 · Firm Permit Name Change	180.00	140.00	40.00	28.6%
4293569 · Initial FAR	930.00	1,170.00	-240.00	-20.5%
4293570 · Initial REG	600.00	630.00	-30.00	-4.8%
4293571 · Initial BEC	900.00	720.00	180.00	25.0%
4293572 · Re-Exam FAR	1,890.00	1,110.00	780.00	70.3%
4293573 · Re-Exam REG	1,980.00	1,500.00	480.00	32.0%
4293574 · Re-Exam BEC	1,980.00	1,770.00	210.00	11.9%
4491000 · Interest and Dividend Revenue	16,687.62	6,666.32	10,021.30	150.3%
4896021 · Legal Recovery Cost	1,047.36	1,509.66	-462.30	-30.6%
Total Income	207,789.98	213,300.98	-5,511.00	-2.6%
Expense				
5101000 · Annual/Sick Leave Compensation	0.00	705.21	-705.21	-100.0%
5101010 · F-T Emp Sal & Wages	61,281.26	64,461.27	-3,180.01	-4.9%
5101020 · P-T/Temp Emp Sal & Wages	17,153.23	18,635.58	-1,482.35	-8.0%
5101030 · Board & Comm Mbrs Fees	3,300.00	4,200.00	-900.00	-21.4%
5102010 · OASI-Employer's Share	5,934.79	6,347.15	-412.36	-6.5%
5102020 · Retirement-ER Share	4,706.12	4,985.85	-279.73	-5.6%
5102060 · Health /Life Ins.-ER Share	16,272.53	17,318.88	-1,046.35	-6.0%
5102080 · Worker's Compensation	51.10	107.03	-55.93	-52.3%
5102090 · Unemployment Insurance	51.06	54.07	-3.01	-5.6%
5203010 · Auto-State Owned	309.71	1,291.36	-981.65	-76.0%
5203020 · Auto-Private-Ownes Low Mileage	361.60	248.80	112.80	45.3%
5203030 · In State-Auto- Priv. High Miles	810.30	1,622.82	-812.52	-50.1%
5203100 · In State-Lodging	422.46	974.91	-552.45	-56.7%
5203140 · InState-Tax Meals Not Overnigt	23.00	137.00	-114.00	-83.2%
5203150 · InState-Non-Tax Meals OverNight	286.00	465.00	-179.00	-38.5%
5203260 · OS-Air Commercial Carrier	3,864.48	3,332.20	532.28	16.0%
5203280 · OS-Other Public Carrier	494.25	302.65	191.60	63.3%
5203300 · OS-Lodging	6,356.35	5,665.51	690.84	12.2%
5203320 · OS-Incidentals to Travel	385.00	109.00	276.00	253.2%
5203350 · OS-Non-Taxable Meals Overnight	817.00	611.00	206.00	33.7%
5204010 · Subscriptions	556.34	1,230.40	-674.06	-54.8%
5204020 · Dues and Membership Fees	3,590.00	3,615.00	-25.00	-0.7%
5204030 · Legal Document Fees	15.00	0.00	15.00	100.0%
5204040 · Consultant Fees-Accounting	0.00	5,700.00	-5,700.00	-100.0%
5204080 · Consultant Fees--Legal	0.00	525.00	-525.00	-100.0%
5204160 · Workshop Registration Fees	4,995.00	4,275.00	720.00	16.8%
5204180 · Computer Services-State	519.00	504.00	15.00	3.0%
5204181 · Computer Development Serv-State	5,856.00	0.00	5,856.00	100.0%
5204200 · Central Services	6,091.28	5,365.67	725.61	13.5%
5204220 · Equipment Service & Maintenance	88.14	112.11	-23.97	-21.4%
5204230 · Janitorial/Maintenance Services	1,404.00	1,440.00	-36.00	-2.5%
5204340 · Computer Software Maintenance	407.50	195.00	212.50	109.0%
5204360 · Advertising-Newspapers	1,139.27	2,244.78	-1,105.51	-49.3%
5204440 · Newsletter Publishing	1,032.30	958.94	73.36	7.7%
5204460 · Equipment Rental	3,843.75	5,062.71	-1,218.96	-24.1%
5204480 · Microfilm and Photography	417.38	204.99	212.39	103.6%
5204490 · Rents Privately Owned Property	15,183.00	14,931.00	252.00	1.7%
5204530 · Telecommunications Services	2,169.22	2,250.06	-80.84	-3.6%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
 July 2009 through June 2010

	Jul '09 - Jun 10	Jul '08 - Jun 09	\$ Change	% Change
5204540 · Electricity	684.25	778.66	-94.41	-12.1%
5204560 · Water	140.10	161.95	-21.85	-13.5%
5204590 · Insurance Premiums/Surety Bonds	1,530.00	1,666.50	-136.50	-8.2%
5204740 · Bank Fees and Charges	1,809.10	147.61	1,661.49	1,125.6%
5205020 · Office Supplies	1,533.18	1,078.32	454.86	42.2%
5205310 · Printing State	130.76	287.35	-156.59	-54.5%
5205320 · Printing/Duplicating/Binding Co	958.13	804.72	153.41	19.1%
5205330 · Supplemental Publications	598.75	586.25	12.50	2.1%
5205350 · Postage	3,035.99	3,989.74	-953.75	-23.9%
5207900 · Computer Hardware	0.00	360.00	-360.00	-100.0%
5207950 · System Development	0.00	597.50	-597.50	-100.0%
5207960 · Computer Software Expense	1,301.55	0.00	1,301.55	100.0%
5228000 · Operating Transfers Out-NonBudg	7,269.05	6,012.74	1,256.31	20.9%
5228030 · Depreciation Expense	12,070.40	1,005.86	11,064.54	1,100.0%
Total Expense	201,248.68	197,667.15	3,581.53	1.8%
Net Ordinary Income	6,541.30	15,633.83	-9,092.53	-58.2%
Other Income/Expense				
Other Expense				
5228090 · SecurityLendingRebateFees	0.00	-1,788.00	1,788.00	100.0%
Total Other Expense	0.00	-1,788.00	1,788.00	100.0%
Net Other Income	0.00	1,788.00	-1,788.00	-100.0%
Net Income	6,541.30	17,421.83	-10,880.53	-62.5%

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STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 07/31/2010

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AGENCY: 10 LABOR
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	329,180.92	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			329,180.92	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			329,180.92	DR **	
BUDGET UNIT TOTAL 1031			329,180.92	DR ***	

STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 07/31/2010

AGENCY	BUDGET UNIT	CENTER-5	LABOR 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															
5503	103100061802	51010100	CGEX100629					07/03/2010						2,729.76	DR
5503	103100061802	51010100	CGEX100714					07/16/2010						2,729.76	DR
5503	103100061802	51010100	CGEX100729					07/31/2010						2,729.76	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES															
5503	103100061802	51010200	CGEX100629					07/03/2010						8,189.28	DR *
5503	103100061802	51010200	CGEX100714					07/16/2010						763.35	DR
5503	103100061802	51010200	CGEX100729					07/31/2010						803.87	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES															
5503	103100061802	51010300	CGEX100629					07/03/2010						2,327.86	DR *
5503	103100061802	51010300	CGEX100714					07/16/2010						480.00	DR
5503	103100061802	51010300	CGEX100729					07/31/2010						360.00	DR
OBJSUB: 5101030 BOARD & COMM MBR'S FEES															
OBJECT: 5101 EMPLOYEE SALARIES															
5503	103100061802	51020100	CGEX100629					07/03/2010						11,597.14	DR **
5503	103100061802	51020100	CGEX100714					07/16/2010						290.53	DR
5503	103100061802	51020100	CGEX100729					07/31/2010						281.15	DR
OBJSUB: 5102010 CASI-EMPLOYER'S SHARE															
5503	103100061802	51020200	CGEX100629					07/03/2010						846.96	DR *
5503	103100061802	51020200	CGEX100714					07/16/2010						209.59	DR
5503	103100061802	51020200	CGEX100729					07/31/2010						212.02	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE															
5503	103100061802	51020600	CGEX100629					07/03/2010						766.89	DR
5503	103100061802	51020600	CGEX100714					07/16/2010						766.89	DR
5503	103100061802	51020600	CGEX100729					07/31/2010						766.89	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE															
5503	103100061802	51020800	CGEX100629					07/03/2010						2,300.67	DR *
5503	103100061802	51020800	CGEX100714					07/16/2010						5.94	DR
5503	103100061802	51020800	CGEX100729					07/31/2010						5.93	DR
OBJSUB: 5102080 WORKER'S COMPENSATION															
5503	103100061802	51020900	CGEX100629					07/03/2010						17.88	DR *
5503	103100061802	51020900	CGEX100714					07/16/2010						2.97	DR
5503	103100061802	51020900	CGEX100729					07/31/2010						2.97	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION															
OBJECT: 5102 EMPLOYEE BENEFITS															
GROUP: 51 PERSONAL SERVICES															
5503	103100061802	52030300	CGEX100722					07/23/2010						3,805.49	DR **
OBJSUB: 5203030 AUTO-PRIV (IN-SF.) H/RTE															
PERSONAL SERVICES															
CGEX100722															
593464															
203.50															
203.50															
DR *															

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STATE OF SOUTH DAKOTA
MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 07/31/2010

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AGENCY	BUDGET UNIT	CENTER-5	10	1031	10310	LABOR OF ACCOUNTANCY BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV APPL. # OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/CR
OBJSUB: 5203260 AIR-COMM-OUT-OF-STATE														
6503	1031000061802						CSEX100708	07/08/2010	582888				537.30	DR
6503	1031000061802						CSEX100722	07/23/2010	593465				846.30	DR
6503	1031000061802						CSEX100722	07/23/2010	593464				498.80	DR
OBJSUB: 5203280 OTHER-PUBLIC-OUT-OF-STATE														
6503	1031000061802						CSEX100708	07/08/2010	582888				134.25	DR
6503	1031000061802						CSEX100722	07/23/2010	593464				920.20	DR
6503	1031000061802						CSEX100722	07/23/2010	593465				920.20	DR
OBJSUB: 5203300 LODGING/OUT-OF-STATE														
6503	1031000061802						CSEX100722	07/23/2010	593464				2,760.60	DR
OBJSUB: 5203320 INCIDENTALS-OUT-OF-STATE														
6503	1031000061802						CSEX100708	07/08/2010	582888				61.00	DR
6503	1031000061802						CSEX100708	07/08/2010	582888				125.00	DR
6503	1031000061802						CSEX100722	07/23/2010	593464				55.00	DR
6503	1031000061802						CSEX100722	07/23/2010	593464				134.00	DR
6503	1031000061802						CSEX100722	07/23/2010	593465				125.00	DR
OBJSUB: 5203350 NON-TAXABLE MEALS/OUT-STR														
OBJECT: 5203 TRAVEL														
6503	1031000061802						DP006104	07/31/2010					439.00	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE														
6503	1031000061802						PL006053	07/31/2010					1,113.00	DR
6503	1031000061802						PL006054	07/31/2010					158.99	DR
6503	1031000061802						PL006054	07/31/2010					222.58	DR
6503	1031000061802						PP006041	07/31/2010					222.58	CR
6503	1031000061802						RM006004	07/21/2010					7.73	DR
6503	1031000061802												45.76	DR
OBJSUB: 5204200 CENTRAL SERVICES														
6503	1031000061802						259FA1360	07/16/2010	99639432	EASTWANKOD	12005796		212.48	DR
OBJSUB: 5204220 EQUIPMENT SERV & MAINT														
6503	1031000061802						11SC100012 JUL11	07/31/2010	99644454	SUNSETOFTI	12043890		480.00	DR
OBJSUB: 5204230 JANITORIAL & MAINT SERV														
6503	1031000061802						19767	07/14/2010	99639075	ELBOCOMPUT	12124520		119.86	DR
OBJSUB: 5204340 COMPUTER SOFTWARE MAINT														
6503	1031000061802						HI711263	07/16/2010	99640170	HASLERPINA	12219369		107.50	DR
OBJSUB: 5204460 EQUIPMENT RENTAL														
6503	1031000061802						ACCOUNTRENT11	07/21/2010	595779	MCGINNISRO	12074040		597.00	DR
OBJSUB: 5204490 RENTS-PRIVATE OWNED PROP.														

AGENCY	BUDGET UNIT	BUDGET CENTER	LABOR BOARD OF ACCOUNTANCY	BOARD OF ACCOUNTANCY	DOCUMENT NUMBER	POSTING DATE	JV APPL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	103100061802	52045300	TELECOMMUNICATIONS SRVCS	5159417006 JUN10	07/14/2010	01930333	XCELENERGY	12023853			367.96	DR *
6503	103100061802	52045400	ELECTRICITY	CI101A-003	07/09/2010	100430					55.18	DR *
6503	103100061802	52047400	BANK FEES AND CHARGES	13306467	07/16/2010	99639423	NATLASSNST	12005047			536.96	DR *
6503	103100061802	52049660	OTHER CONTRACTUAL SERVICE	CS006039	07/08/2010						1,777.35	DR *
6503	103100061802	52050200	OFFICE SUPPLIES		07/04/2010	99635721	BUSINESSPR	12003048			6.90	DR *
6503	103100061802	52053200	PRINTING-COMMERCIAL	MS006050	07/31/2010						13.80	DR *
6503	103100061802	52053500	POSTAGE SUPPLIES & MATERIALS								26.08	DR *
6503	103100061802	52053500	OPERATING EXPENSES								55.19	DR **
6503	103100061802	52053500	OPERATING EXPENSES								12,172.68	DR ***
6503	103100061802	52053500	OPERATING EXPENSES								27,575.31	DR ****
6503	103100061802	52053500	OPERATING EXPENSES								27,575.31	DR *****

South Dakota Board of Accountancy
Balance Sheet
As of July 31, 2010

	Jul 31, 10
ASSETS	
Current Assets	
Checking/Savings	
1130000 · Local Checking - US Bank	39,325.95
1140000 · Pool Cash State of SD	329,180.92
Total Checking/Savings	368,506.87
Total Current Assets	368,506.87
Fixed Assets	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-81,722.95
Total 1670000 · Computer Software	58,340.28
Total Fixed Assets	58,340.28
TOTAL ASSETS	426,847.15
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110000 · Accounts Payable	4.87
Total Accounts Payable	4.87
Other Current Liabilities	
2510000 · Deferred Revenue	25,010.00
2810000 · Amounts Held for Others	31,381.20
Total Other Current Liabilities	56,391.20
Total Current Liabilities	56,396.07
Long Term Liabilities	
2960000 · Compensated Absences Payable	10,038.53
Total Long Term Liabilities	10,038.53
Total Liabilities	66,434.60
Equity	
3220000 · Unrestricted Net Assets	198,018.46
3300100 · Invested In Capital Assets	58,340.28
3900 · Retained Earnings	24,465.36
Net Income	79,588.45
Total Equity	360,412.55
TOTAL LIABILITIES & EQUITY	426,847.15

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2010

	Jul 10	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-25.00			
4293550 · Initial Individual Certificate - Other	275.00	2,500.00	-2,225.00	11.0%
Total 4293550 · Initial Individual Certificate	250.00	2,500.00	-2,250.00	10.0%
4293551 · Certificate Renewals-Active	31,050.00	50,000.00	-18,950.00	62.1%
4293552 · Certificate Renewals-Inactive	11,600.00	23,000.00	-11,400.00	50.4%
4293553 · Certificate Renewals-Retired	230.00	600.00	-370.00	38.3%
4293554 · Initial Firm Permits	100.00	1,500.00	-1,400.00	6.7%
4293555 · Firm Permit Renewals	12,400.00	18,350.00	-5,950.00	67.6%
4293557 · Initial Audit	30.00	580.00	-550.00	5.2%
4293558 · Re-Exam Audit	270.00	1,660.00	-1,390.00	16.3%
4293561 · Late Fees-Certificate Renewals	0.00	3,500.00	-3,500.00	0.0%
4293563 · Late Fees-Firm Permit Renewals	0.00	800.00	-800.00	0.0%
4293564 · Late Fees-Peer Review	250.00	1,250.00	-1,000.00	20.0%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-170.00			
4293566 · Firm Permit Individual - Other	46,410.00	64,000.00	-17,590.00	72.5%
Total 4293566 · Firm Permit Individual	46,240.00	64,000.00	-17,760.00	72.3%
4293567 · Peer Review Admin Fee	375.00	5,650.00	-5,275.00	6.6%
4293568 · Firm Permit Name Change	25.00	100.00	-75.00	25.0%
4293569 · Initial FAR	90.00	990.00	-900.00	9.1%
4293570 · Initial REG	30.00	530.00	-500.00	5.7%
4293571 · Initial BEC	150.00	670.00	-520.00	22.4%
4293572 · Re-Exam FAR	150.00	1,540.00	-1,390.00	9.7%
4293573 · Re-Exam REG	270.00	1,680.00	-1,410.00	16.1%
4293574 · Re-Exam BEC	300.00	2,020.00	-1,720.00	14.9%
4491000 · Interest and Dividend Revenue	0.00	12,000.00	-12,000.00	0.0%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
Total Income	103,810.00	193,920.00	-90,110.00	53.5%
Expense				
5101010 · F-T Emp Sal & Wages	8,189.28	66,239.00	-58,049.72	12.4%
5101020 · P-T/Temp Emp Sal & Wages	2,327.86	19,380.00	-17,052.14	12.0%
5101030 · Board & Comm Mbrs Fees	1,080.00	4,020.00	-2,940.00	26.9%
5102010 · OASI-Employer's Share	846.96	6,549.00	-5,702.04	12.9%
5102020 · Retirement-ER Share	631.04	5,147.00	-4,515.96	12.3%
5102060 · Health /Life Ins.-ER Share	2,300.67	17,869.00	-15,568.33	12.9%
5102080 · Worker's Compensation	17.88	133.00	-115.12	13.4%
5102090 · Unemployment Insurance	8.94	55.00	-46.06	16.3%
5203010 · Auto-State Owned	0.00	1,500.00	-1,500.00	0.0%
5203020 · Auto-Private-Ownees Low Mileage	0.00	300.00	-300.00	0.0%
5203030 · In State-Auto- Priv. High Miles	203.50	2,100.00	-1,896.50	9.7%
5203100 · In State-Lodging	0.00	1,000.00	-1,000.00	0.0%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	0.00	150.00	-150.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	0.00	500.00	-500.00	0.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	1,345.10	6,700.00	-5,354.90	20.1%
5203280 · OS-Other Public Carrier	42.00	500.00	-458.00	8.4%
5203300 · OS-Lodging	1,840.40	7,800.00	-5,959.60	23.6%
5203320 · OS-Incidentals to Travel	61.00	200.00	-139.00	30.5%
5203350 · OS-Non-Taxable Meals Overnight	259.00	1,000.00	-741.00	25.9%
5204010 · Subscriptions	0.00	1,500.00	-1,500.00	0.0%
5204020 · Dues and Membership Fees	0.00	3,900.00	-3,900.00	0.0%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	6,000.00	-6,000.00	0.0%
5204160 · Workshop Registration Fees	0.00	5,200.00	-5,200.00	0.0%
5204180 · Computer Services-State	57.00	600.00	-543.00	9.5%
5204181 · Computer Development Serv-State	1,056.00	4,400.00	-3,344.00	24.0%
5204200 · Central Services	1,183.09	7,500.00	-6,316.91	15.8%
5204220 · Equipment Service & Maintenance	9.55	300.00	-290.45	3.2%
5204230 · Janitorial/Maintenance Services	119.86	1,560.00	-1,440.14	7.7%
5204340 · Computer Software Maintenance	0.00	1,000.00	-1,000.00	0.0%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2010

	<u>Jul 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	690.60	5,200.00	-4,509.40	13.3%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	0.00	15,531.00	-15,531.00	0.0%
5204530 · Telecommunications Services	289.41	2,500.00	-2,210.59	11.6%
5204540 · Electricity	62.76	865.00	-802.24	7.3%
5204580 · Water	0.00	240.00	-240.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	536.96	2,000.00	-1,463.04	26.8%
5205020 · Office Supplies	23.85	1,500.00	-1,476.15	1.6%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	6.90	1,000.00	-993.10	0.7%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	26.08	3,100.00	-3,073.92	0.8%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
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	0.00	6,500.00	-6,500.00	0.0%
5228030 · Depreciation Expense	1,005.86			
Total Expense	<u>24,221.55</u>	<u>225,748.00</u>	<u>-201,526.45</u>	<u>10.7%</u>
Net Ordinary Income	<u>79,588.45</u>	<u>-31,828.00</u>	<u>111,416.45</u>	<u>-250.1%</u>
Net Income	<u><u>79,588.45</u></u>	<u><u>-31,828.00</u></u>	<u><u>111,416.45</u></u>	<u><u>-250.1%</u></u>

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
July 2010

	<u>Jul 10</u>	<u>Jul 09</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	250.00	775.00	-525.00	-67.7%
4293551 · Certificate Renewals-Active	31,050.00	31,050.00	0.00	0.0%
4293552 · Certificate Renewals-Inactive	11,600.00	10,550.00	1,050.00	10.0%
4293553 · Certificate Renewals-Retired	230.00	280.00	-50.00	-17.9%
4293554 · Initial Firm Permits	100.00	50.00	50.00	100.0%
4293555 · Firm Permit Renewals	12,400.00	9,650.00	2,750.00	28.5%
4293557 · Initial Audit	30.00	0.00	30.00	100.0%
4293558 · Re-Exam Audit	270.00	180.00	90.00	50.0%
4293564 · Late Fees-Peer Review	250.00	50.00	200.00	400.0%
4293566 · Firm Permit Individual	46,240.00	26,165.00	20,075.00	76.7%
4293567 · Peer Review Admin Fee	375.00	150.00	225.00	150.0%
4293568 · Firm Permit Name Change	25.00	25.00	0.00	0.0%
4293569 · Initial FAR	90.00	30.00	60.00	200.0%
4293570 · Initial REG	30.00	60.00	-30.00	-50.0%
4293571 · Initial BEC	150.00	30.00	120.00	400.0%
4293572 · Re-Exam FAR	150.00	120.00	30.00	25.0%
4293573 · Re-Exam REG	270.00	240.00	30.00	12.5%
4293574 · Re-Exam BEC	300.00	300.00	0.00	0.0%
Total Income	<u>103,810.00</u>	<u>79,705.00</u>	<u>24,105.00</u>	<u>30.2%</u>
Expense				
5101010 · F-T Emp Sal & Wages	8,189.28	8,189.28	0.00	0.0%
5101020 · P-T/Temp Emp Sal & Wages	2,327.86	2,622.37	-294.51	-11.2%
5101030 · Board & Comm Mbrs Fees	1,080.00	900.00	180.00	20.0%
5102010 · OASI-Employer's Share	846.96	849.85	-2.89	-0.3%
5102020 · Retirement-ER Share	631.04	648.71	-17.67	-2.7%
5102060 · Health /Life Ins.-ER Share	2,300.67	2,164.86	135.81	6.3%
5102080 · Worker's Compensation	17.88	11.92	5.96	50.0%
5102090 · Unemployment Insurance	8.94	7.04	1.90	27.0%
5203010 · Auto--State Owned	0.00	158.90	-158.90	-100.0%
5203030 · In State-Auto- Priv. High Miles	203.50	0.00	203.50	100.0%
5203260 · OS-Air Commercial Carrier	1,345.10	0.00	1,345.10	100.0%
5203280 · OS-Other Public Carrier	42.00	0.00	42.00	100.0%
5203300 · OS-Lodging	1,840.40	0.00	1,840.40	100.0%
5203320 · OS-Incidentals to Travel	61.00	0.00	61.00	100.0%
5203350 · OS-Non-Taxable Meals Overnight	259.00	0.00	259.00	100.0%
5204180 · Computer Services-State	57.00	0.00	57.00	100.0%
5204181 · Computer Development Serv-State	1,056.00	0.00	1,056.00	100.0%
5204200 · Central Services	1,183.09	1,302.44	-119.35	-9.2%
5204220 · Equipment Service & Maintenance	9.55	9.37	0.18	1.9%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	0.00	45.00	-45.00	-100.0%
5204440 · Newsletter Publishing	0.00	537.20	-537.20	-100.0%
5204460 · Equipment Rental	690.60	754.62	-64.02	-8.5%
5204480 · Microfilm and Photography	0.00	243.77	-243.77	-100.0%
5204490 · Rents Privately Owned Property	0.00	1,244.25	-1,244.25	-100.0%
5204530 · Telecommunications Services	289.41	203.86	85.55	42.0%
5204540 · Electricity	62.76	47.72	15.04	31.5%
5204740 · Bank Fees and Charges	536.96	331.64	205.32	61.9%
5205020 · Office Supplies	23.85	346.86	-323.01	-93.1%
5205320 · Printing/Duplicating/Binding Co	6.90	361.71	-354.81	-98.1%
5205350 · Postage	26.08	504.76	-478.68	-94.8%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	<u>24,221.55</u>	<u>22,608.99</u>	<u>1,612.56</u>	<u>7.1%</u>
Net Ordinary Income	<u>79,588.45</u>	<u>57,096.01</u>	<u>22,492.44</u>	<u>39.4%</u>
Net Income	<u>79,588.45</u>	<u>57,096.01</u>	<u>22,492.44</u>	<u>39.4%</u>

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2010

	<u>Jul 10</u>	<u>Jul 09</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	250.00	775.00	-525.00	-67.7%
4293551 · Certificate Renewals-Active	31,050.00	31,050.00	0.00	0.0%
4293552 · Certificate Renewals-Inactive	11,600.00	10,550.00	1,050.00	10.0%
4293553 · Certificate Renewals-Retired	230.00	280.00	-50.00	-17.9%
4293554 · Initial Firm Permits	100.00	50.00	50.00	100.0%
4293555 · Firm Permit Renewals	12,400.00	9,650.00	2,750.00	28.5%
4293557 · Initial Audit	30.00	0.00	30.00	100.0%
4293558 · Re-Exam Audit	270.00	180.00	90.00	50.0%
4293564 · Late Fees-Peer Review	250.00	50.00	200.00	400.0%
4293566 · Firm Permit Individual	46,240.00	26,165.00	20,075.00	76.7%
4293567 · Peer Review Admin Fee	375.00	150.00	225.00	150.0%
4293568 · Firm Permit Name Change	25.00	25.00	0.00	0.0%
4293569 · Initial FAR	90.00	30.00	60.00	200.0%
4293570 · Initial REG	30.00	60.00	-30.00	-50.0%
4293571 · Initial BEC	150.00	30.00	120.00	400.0%
4293572 · Re-Exam FAR	150.00	120.00	30.00	25.0%
4293573 · Re-Exam REG	270.00	240.00	30.00	12.5%
4293574 · Re-Exam BEC	300.00	300.00	0.00	0.0%
Total Income	103,810.00	79,705.00	24,105.00	30.2%
Expense				
5101010 · F-T Emp Sal & Wages	8,189.28	8,189.28	0.00	0.0%
5101020 · P-T/Temp Emp Sal & Wages	2,327.86	2,622.37	-294.51	-11.2%
5101030 · Board & Comm Mbrs Fees	1,080.00	900.00	180.00	20.0%
5102010 · OASI-Employer's Share	846.96	849.85	-2.89	-0.3%
5102020 · Retirement-ER Share	631.04	648.71	-17.67	-2.7%
5102060 · Health /Life Ins.-ER Share	2,300.67	2,164.86	135.81	6.3%
5102080 · Worker's Compensation	17.88	11.92	5.96	50.0%
5102090 · Unemployment Insurance	8.94	7.04	1.90	27.0%
5203010 · Auto--State Owned	0.00	158.90	-158.90	-100.0%
5203030 · In State-Auto- Priv. High Miles	203.50	0.00	203.50	100.0%
5203260 · OS-Air Commercial Carrier	1,345.10	0.00	1,345.10	100.0%
5203280 · OS-Other Public Carrier	42.00	0.00	42.00	100.0%
5203300 · OS-Lodging	1,840.40	0.00	1,840.40	100.0%
5203320 · OS-Incidentals to Travel	61.00	0.00	61.00	100.0%
5203350 · OS-Non-Taxable Meals Overnight	259.00	0.00	259.00	100.0%
5204180 · Computer Services-State	57.00	0.00	57.00	100.0%
5204181 · Computer Development Serv-State	1,056.00	0.00	1,056.00	100.0%
5204200 · Central Services	1,183.09	1,302.44	-119.35	-9.2%
5204220 · Equipment Service & Maintenance	9.55	9.37	0.18	1.9%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	0.00	45.00	-45.00	-100.0%
5204440 · Newsletter Publishing	0.00	537.20	-537.20	-100.0%
5204460 · Equipment Rental	690.60	754.62	-64.02	-8.5%
5204480 · Microfilm and Photography	0.00	243.77	-243.77	-100.0%
5204490 · Rents Privately Owned Property	0.00	1,244.25	-1,244.25	-100.0%
5204530 · Telecommunications Services	289.41	203.86	85.55	42.0%
5204540 · Electricity	62.76	47.72	15.04	31.5%
5204740 · Bank Fees and Charges	536.96	331.64	205.32	61.9%
5205020 · Office Supplies	23.85	346.86	-323.01	-93.1%
5205320 · Printing/Duplicating/Binding Co	6.90	361.71	-354.81	-98.1%
5205350 · Postage	26.08	504.76	-478.68	-94.8%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
Total Expense	24,221.55	22,608.99	1,612.56	7.1%
Net Ordinary Income	79,588.45	57,096.01	22,492.44	39.4%
Net Income	79,588.45	57,096.01	22,492.44	39.4%

REPORT TO BOARD ON NASBA ANNUAL MEETING

Nicole Kasin 8-11-10

The Annual Meeting for NASBA will be held October 24-27, 2010. The location of the meeting will be in San Antonio, TX at the Hyatt Regency.

This is a request for a board motion to approve travel for 2 Board Members and the Executive Director to attend the Annual NASBA meeting.

NASBA

**103rd Annual Meeting
Hyatt Regency San Antonio
October 24-27, 2010**

Momentum

TENTATIVE AGENDA

Sunday, October 24, 2010

4:00 – 5:00 p.m. Registration

6:00 – 8:00 p.m. Welcome Reception

Monday, October 25, 2010

7:30 – 8:30 a.m. Breakfast (*All Welcome*)

7:30 – 8:30 a.m. Communications Officers' Breakfast Meeting

OPENING PLENARY SESSION

8:40 – 9:05 Welcome and Introductions – *Billy M. Atkinson, NASBA Chair*

9:05 – 9:15 Welcome from Texas – *Greg Bailes, Presiding Officer, Texas Board*

9:15 – 10:00 Keynote Address – *John L. Brennan, Chair, Financial Accounting Foundation*

10:00 – 10:15 Questions and Answers

10:15 – 10:30 Break

PLENARY SESSION

10:30 – 10:45 Report from NASBA Chair 2009- 2010
- *Billy M. Atkinson*

10:45 – 11:00 Future Plans from AICPA Chair 2010-11
- *Paul V. Stahlin*

11:00 – 11:45 IRS Moves Ahead with Registration Program
- *Karen L. Hawkins, Director, IRS Office of Professional Responsibility*

11:45 – Noon Questions and Answers

Noon – 1:30 p.m. Lunch at the Alamo (*Meeting Participants Only*)

AFTERNOON PLENARY SESSION

- 1:45 – 2:45 PANEL – Education Issues
 Moderator: *Mark P. Harris, Chair, Education Committee*
- The Pathways Commission Begins Its Work
 - *Bruce K. Behn, University of Tennessee*
- Report from American Accounting Association
 - *Kevin D. Stocks, Brigham Young University*
- Evaluating Non-Traditional Students
 - *Gabi Zolla, Council for Adult & Experiential Learning*
- 2:45 – 3:45 Global Professionals
 Moderator: *William Treacy, Chair, IQAB*
- Reaching Out to Neighbors
 - *Kevin J. Dancy, President and CEO, CICA*
- Reaching Out to Asia
 - *Rubin A. Davila, University of Southern California*
- 3:45 – 4:00 Delivering the CPA Exam Abroad
 - *Ken L. Bishop, Senior Vice President & COO, NASBA*
- 4:00 – 4:15 Raffle - *Staff*
- 4:15 Recess
- 4:30 – 6:30 Center for the Public Trust Auction (*All Welcome*)

Tuesday, October 26, 2010

- 7:30 – 9:30 a.m. Regional Breakfast Meetings for Board Members and Staff
 Regional Directors (2009-2010) Moderate
 - *Telford Lodden, Central Region*
 - *Claireen Herting, Great Lakes Region*
 - *Donald H. Burkett, Middle Atlantic Region*
 - *Harry O. Parsons, Mountain Region*
 - *Michael Weinshel, Northeast Region*
 - *Laurie J. Tish, Pacific Region*
 - *Kenneth R. Odom, Southeast Region*
 - *David D. Duree, Southwest Region*
- 8:15 – 9:30 Breakfast for Other Participants (*All Welcome*)
- 9:45 – 11:45 Annual Business Meeting
 Credentials Report
 - *Michael Weinshel, Chair, Credentials Committee*
 Minutes of 102nd Annual Business Meeting
 - *Gaylen R. Hansen, Secretary*

NASBA Awards
 - *Kathleen J. Smith, Chair, Awards Committee*
 - *Lorraine P. Sachs, Executive VP & COO Emeritus, NASBA*

Elections
 - *Thomas J. Sadler, Chair, Nominating Committee*

Administration and Finance Committee Report
 - *Leonard R. Sanchez, Treasurer*

Audit Committee Report
 - *David D. Duree, Chair, Audit Committee*

Bylaws Committee Report
 - *Claireen Herting, Chair, Bylaws Committee*

President's Report
 - *David A. Costello*

Executive Directors
 - *Daniel Sweetwood, Chair, Executive Directors Committee*

Selection Advisory Committee Report
 - *John B. Peace, Chair, Selection Advisory Committee*

Professional Credential Services
 - *Milton Brown, Chair, PCS*

Center for the Public Trust Report
 - *Larry W. Bridgesmith, Chair, CPT*

Noon – 1:30 p.m. Inaugural Luncheon at La Villita (*All Welcome*)
 Thanks
 - *Billy M. Atkinson, NASBA Chair 2009-10*
 Inaugural Address
 - *Michael T. Daggett, NASBA Chair 2010-11*

PLENARY SESSION

1:30 – 2:00 Blue Ribbon Panel: Future Standards for Private Companies?
 - *Rick Anderson, Chair, BRP*

2:00 – 2:30 SEC: Future Standards for Public Companies?
 - (*Speaker to be named*)

2:30 – 2:45 Questions and Answers

2:45 – 3:15 Fraudulent Financial Reporting - COSO Report
 - *David L. Landsittel, Chairman, COSO*

3:15 – 3:30 ALD Goes Public: Problems and Solutions
 - *Daniel Sweetwood*

3:30 – 4:00 TBA

4:00 – 4:15 Raffle - *Staff*

4:15 Recess

6:00 Gala (Pearl Stable)

Wednesday, October 27, 2010

- 8:00 – 9:15 a.m. Presidents’/Chairs’ Breakfast Meeting
Moderator: *Billy M. Atkinson*
- 8:00 – 9:15 a.m. Executive Directors’ and State Board Staff’s Breakfast Meeting
Moderator: *Richard C. Sweeney, Chair, Executive Directors Committee, 2010-11*
- 8:00 – 9:15 a.m. Breakfast for Other Participants (*All Welcome*)

PLENARY SESSION

- 9:30 – 10:30 a.m. Evolving Practice Issues
- (Outsourcing, Implications of Mergers, Relationship to International Firms, Quality Control Issues)
- (*Speakers to be named*)
- 10:30 – 11:30 Committee Update
- *UAA - Laurie J. Tish, Chair, Uniform Accountancy Act Committee*
- *State Board Relevance - Carlos E. Johnson, Chair, State Board Relevance & Effectiveness Committee*
- *Ethics – At Home and Abroad - Gaylen R. Hansen, Chair, Ethics & Strategic Professional Issues Committee*
- 11:30 – 11:40 Closing Comments on NASBA Annual Meeting
- *Michael T. Daggett, Chair 2010-11*
- 11:40 – Noon Final Raffle- *Staff*
- Noon Adjourn

REPORT TO BOARD ON GRADES

Nicole Kasin 8-6-10

The grades were posted for review for the 25th window. These grades are through June 2010. I have included the average scores per school since CBT started along with the number of students that have sat for their school respectively. The last chart shows the averages for the past 8 windows.

Overall Average Window 1-25

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

Average of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	Grand Total
Augie	72	71	73	72	72
BHSU	68	69	70	70	69
COTech	59	72	75	76	71
DSU	72	71	62	70	68
DWU		70			70
Mt. Marty	65	66		68	66
NAU		46	49	65	52
NSU	71	68	70	69	69
OS	74	73	71	74	73
SDSU	79	75	82	79	78
USD	78	75	74	75	76
USF	74	76	75	77	75
Grand Total	74	72	72	73	73

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

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

Count of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	Grand Total
Augie	40	50	30	44	164
BHSU	48	47	38	39	172
COTech	3	7	4	3	17
DSU	12	12	13	9	46
DWU		4			4
Mt. Marty	11	15		8	34
NAU		5	3	3	11
NSU	42	62	30	39	173
OS	106	124	109	106	445
SDSU	8	12	8	8	36
USD	105	124	110	106	445
USF	21	33	21	22	97
Grand Total	396	495	366	387	1644

Without listing schools with less than 3 parts – Grand total 1654 parts sat.

Average for past 8 windows (3 or more parts)

Window	(Multiple Items)
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Average of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	
Augie	73	71	81	77	76
BHSU	69	69	70	71	70
COTech		72			72
DSU					
DWU					
Mt. Marty					
NAU		43	49		45
NSU	72	73	81	71	73
OS	73	74	74	76	74
SDSU	84	72	88	83	78
USD	79	77	75	75	76
USF	75	78	80	82	78
Grand Total	75	73	74	75	75

The Board needs to Approve the 2010-2 (25th Window) grades.

REQUEST FROM LICENSEE

Nicole Kasin 8-11-10

A licensee has submitted a letter to the Board requesting a written response on the following issue:

Request for response on whether the business service as described below is requiring the individual to have an Active CPA license.

The individual does not use the title CPA or Inactive CPA, anywhere in the business correspondence, advertising, marketing, or in any form of business communication.

The individual gives clients reports of where they can reduce expenses at, in various expense categories. It is told to the clients exactly where the savings are at, and how to obtain them. This is the sum of the service, for which the individual works for contingent fees.

SDCL 36-20B-27 refers to being a CPA in an Inactive Status: A licensee shall complete one hundred twenty hours of continuing education in each three-year renewal period. The board may, by rule promulgated pursuant to chapter 1-26, establish an exception to this requirement for certificate holders who do not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Any licensee granted such an exception by the board must place the word, inactive, adjacent to their CPA title or PA title on any business card, letterhead, or any other document or device, with the exception of their CPA certificate or PA license, on which their CPA or PA title appears.

The board needs to determine if the services fall within any of the categories listed above.

DATE	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		Daily Totals
	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	
Tuesday, June 15, 2010	0	0	0	0	1	0	0	0	1
Wednesday, June 16, 2010	3	0	1	0	8	0	3	0	15
Thursday, June 17, 2010	3	2	1	0	10	5	11	0	32
Friday, June 18, 2010	1	1	1	0	8	2	9	0	22
Saturday, June 19, 2010	0	0	2	0	3	1	1	0	7
Sunday, June 20, 2010	0	0	1	0	1	0	1	0	3
Monday, June 21, 2010	6	3	3	0	11	2	10	0	35
Tuesday, June 22, 2010	4	1	3	0	12	1	10	1	32
Wednesday, June 23, 2010	3	1	0	0	10	1	1	0	16
Thursday, June 24, 2010	2	0	0	0	2	1	5	0	10
Friday, June 25, 2010	2	1	0	0	9	0	2	0	14
Saturday, June 26, 2010	1	0	0	0	3	2	0	0	6
Sunday, June 27, 2010	1	0	1	0	2	0	3	1	8
Monday, June 28, 2010	6	1	0	0	12	0	4	0	23
Tuesday, June 29, 2010	2	0	0	0	10	0	3	0	15
Wednesday, June 30, 2010	2	0	1	0	10	3	3	0	19
Thursday, July 01, 2010	1	0	0	0	5	4	7	0	17
Friday, July 02, 2010	2	0	0	0	4	1	1	0	8
Saturday, July 03, 2010	0	0	0	0	0	0	1	0	1
Sunday, July 04, 2010	1	0	0	0	3	0	1	0	5
Monday, July 05, 2010	0	0	0	0	2	0	2	0	4
Tuesday, July 06, 2010	0	0	1	0	2	3	5	0	11
Wednesday, July 07, 2010	5	0	0	0	7	1	2	0	15
Thursday, July 08, 2010	4	0	0	0	6	1	3	0	14
Friday, July 09, 2010	4	0	0	0	6	0	8	0	18
Saturday, July 10, 2010	0	0	0	0	2	0	1	0	3
Sunday, July 11, 2010	0	0	0	0	0	0	2	0	2
Monday, July 12, 2010	2	0	0	0	7	0	4	0	13
Tuesday, July 13, 2010	4	0	1	0	12	2	2	0	21
Wednesday, July 14, 2010	4	0	1	0	9	1	2	0	17
Thursday, July 15, 2010	3	0	1	0	7	0	6	0	17
Friday, July 16, 2010	1	0	0	0	4	0	1	0	6
Saturday, July 17, 2010	1	0	2	0	0	0	1	0	4
Sunday, July 18, 2010	1	0	1	0	3	0	2	0	7
Monday, July 19, 2010	2	0	0	0	15	3	4	0	24
Tuesday, July 20, 2010	4	1	3	0	11	3	7	0	29
Wednesday, July 21, 2010	4	1	0	0	9	2	5	0	21
Thursday, July 22, 2010	2	0	0	0	8	0	4	0	14
Friday, July 23, 2010	3	0	1	0	12	2	5	0	23
Saturday, July 24, 2010	2	0	0	0	6	1	3	0	12
Sunday, July 25, 2010	0	1	0	0	4	0	3	0	8
Monday, July 26, 2010	3	3	0	0	16	3	8	0	33
Tuesday, July 27, 2010	7	3	1	0	14	1	11	0	37
Wednesday, July 28, 2010	6	0	0	0	12	3	7	0	28
Thursday, July 29, 2010	11	1	0	0	24	2	12	0	50
Friday, July 30, 2010	14	3	0	0	33	9	20	0	79
Saturday, July 31, 2010	6	1	0	0	15	1	7	0	30
Sunday, August 01, 2010	1	0	0	0	2	0	3	0	6
Monday, August 02, 2010	2	1	0	0	6	3	2	0	14
Tuesday, August 03, 2010	0	0	0	0	2	0	1	0	3
Wednesday, August 04, 2010	0	1	0	0	2	1	1	0	5
Thursday, August 05, 2010	0	0	0	0	1	0	1	0	2
Friday, August 06, 2010	0	0	0	0	1	0	0	0	1
Saturday, August 07, 2010	0	0	0	0	1	0	0	0	1
Tuesday, August 10, 2010	0	0	1	0	0	0	1	0	2
Totals	136	26	27	0	385	65	222	2	863
Totals per form	162		27		450		224		
Total Renewals									
Online & Via Mail	270		59		1043		357		1729
% Completed Online	60.00%		45.76%		43.14%		62.75%		49.91%
Left to Renew	27		9		85		50		171
% Completed overall	90.91%		86.76%		92.46%		87.71%		91.00%

FY12 BUDGET WORKSHEET							
Income	Description	FY09	State Act FY10	QB Act FY10	FY11 Budget	Expand- Reduce	FY12 Budget
4293550	Initial Individual Certificate	2,250.00	3,625.00	3,250.00	2,500.00	500.00	3,000.00
4293551	Cert Renew-Active	57,550.00	56,100.00	54,400.00	50,000.00	(1000.00)	49,000.00
4293552	Cert Renew-Inactive	22,150.00	21,400.00	19,700.00	23,000.00	(3500.00)	19,500.00
4293553	Cert Renew-Retired	580.00	770.00	660.00	600.00	100.00	700.00
4293554	Initial Firm Permit	1,625.00	1,150.00	1,150.00	1,500.00	(250.00)	1,250.00
4293555	Firm Permit Renew	20,625.00	21,100.00	19,700.00	18,350.00	0.00	18,350.00
4293556	Notification	14,150.00	0.00	0.00	0.00	0.00	0.00
4293557	Initial Audit	5,200.36	4,846.37	570.00	580.00	20.00	600.00
4293558	Re-exam Audit	10,915.01	17,778.04	2,010.00	1,660.00	230.00	1,890.00
4293560	Late Fee-Initial Certificate	0.00	250.00	250.00	0.00	0.00	0.00
4293561	Late Fees-Cert Renew	4,850.00	5,900.00	5,900.00	3,500.00	500.00	4,000.00
4293563	Late Fees-Firm Perm Renewals	850.00	800.00	800.00	800.00	0.00	800.00
4293564	Late Fees- Peer Review	1,650.00	1,050.00	950.00	1,250.00	(150.00)	1,100.00
4293566	Firm Permit Individual	67,245.00	73,000.00	68,355.00	64,000.00	0.00	64,000.00
4293567	Peer Review Admin Fee	5,775.00	3,900.00	3,900.00	5,650.00	0.00	5,650.00
4293568	Firm Permit Name Change	140.00	180.00	180.00	100.00	0.00	100.00
4293569	Initial FAR	8,821.25	6,841.15	930.00	990.00	0.00	990.00
4293570	Initial REG	4,687.05	3,920.10	600.00	530.00	0.00	530.00
4293571	Initial BEC	4,544.09	5,631.12	900.00	670.00	110.00	780.00
4293572	Re-Exam FAR	8,491.65	15,605.05	1,890.00	1,540.00	170.00	1,710.00
4293573	Re-exam REG	10,683.45	14,717.70	1,980.00	1,680.00	120.00	1,800.00
4293574	Re-exam BEC	11,901.40	13,881.48	1,980.00	2,020.00	(100.00)	1,920.00
4491000	Interest and Dividend Revenue	17,244.32	16,687.62	16,687.62	12,000.00	3000.00	15,000.00
4896021	Legal Recovery Cost	1,509.66	1,047.36	1,047.36	1,000.00	0.00	1,000.00
4950	Refund Prior Years Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	Total Income	283,438.24	290,180.99	207,789.98	193,920.00	-250.00	193,670.00
Expenses -Sal & Benefits		FY09	State Act FY10	QB Act FY10	FY11 Budget	Expand- Reduce	FY12 Budget
5101010	F-T Emp Sal & Wages	64,338.78	65,239.41	61,281.26	66,239.00	2,000.00	68,239.00
5101020	P-T Emp Sal & Wages	18,471.37	18,471.98	17,153.23	19,380.00	600.00	19,980.00
5101030	Board & Comm. Members	4,260.00	3,960.00	3,300.00	4,020.00	0.00	4,020.00
5102010	OASI - Employers	6,333.13	6,366.69	5,934.79	6,549.00	200.00	6,749.00
5102020	Retirement - Employers	4,968.65	5,022.74	4,706.12	5,147.00	148.00	5,295.00
5102060	Health Insurance	17,318.88	17,318.88	16,272.53	17,869.00	651.00	18,520.00
5102080	Workers Comp	107.70	56.92	51.10	133.00	0.00	133.00
5102090	Unemployment	53.88	54.49	51.06	55.00	20.00	75.00
	Sal & Benefits Totals	115,852.39	116,491.11	108,750.09	119,392.00	3,619.00	123,011.00
Expenses - Operational							
5203010	Auto - State Vehicle	1,291.36	309.71	309.71	1,500.00	(500.00)	1,000.00
5203020	Auto Private In State -employees	248.80	361.60	361.60	300.00	0.00	300.00
5203030	Auto Private In State- Board	1,622.82	810.30	810.30	2,100.00	(400.00)	1,700.00
5203100	Lodging In State	908.11	422.46	422.46	1,000.00	0.00	1,000.00
5203120	Incidentals to Travel- In State	0.00	0.00	0.00	100.00	0.00	100.00
5203140	Meals Not Overnight - In State	137.00	23.00	23.00	150.00	(50.00)	100.00
5203150	Meals Overnight - In State	465.00	286.00	286.00	500.00	0.00	500.00
5203230	Auto Private Out of State - Board	48.84	0.00	0.00	100.00	0.00	100.00
5203260	Air Travel-Out of State	3,962.00	4,140.88	3,864.48	6,700.00	0.00	6,700.00
5203280	Other Public Transp Out of State	251.65	486.00	494.25	500.00	0.00	500.00
5203300	Lodging Out of State	6,676.70	6,341.50	6,356.35	7,800.00	0.00	7,800.00

5203320	Incidentals to Travel- Out of State	140.50	330.00	385.00	200.00	150.00	350.00
5203350	Meals Overnight - Out of State	812.00	824.00	817.00	1,000.00	0.00	1,000.00
5204010	Subscriptions	1,230.40	556.34	556.34	1,500.00	0.00	1,500.00
5204020	Dues & Membership Fees	3,615.00	3,590.00	3,590.00	3,900.00	0.00	3,900.00
5204030	Legal Document Fees	0.00	15.00	15.00	500.00	0.00	500.00
5204040	Consultant Fees - Audit	5,700.00	0.00	0.00	6,000.00	0.00	6,000.00
5204080	Consultant Fees - Legal	525.00	0.00	0.00	0.00	0.00	0.00
5204160	Workshop Registration Fees	4,275.00	4,995.00	4,995.00	5,200.00	200.00	5,400.00
5204180	Computer Services - State	65,988.90	13,377.00	519.00	600.00	0.00	600.00
5204181	Computer Dev. State	0.00	0.00	5,856.00	4,400.00	0.00	4,400.00
5204200	Central Services	6,600.20	6,091.28	6,091.28	7,500.00	(500.00)	7,000.00
5204220	Equipment Service & Maint	106.25	115.38	88.14	300.00	0.00	300.00
5204230	Janitorial	1,440.00	1,404.00	1,404.00	1,560.00	0.00	1,560.00
5204340	Computer-Tech Support	240.00	300.00	407.50	1,000.00	0.00	1,000.00
5204360	Advertising-Newspaper	2,244.78	1,139.27	1,139.27	2,100.00	0.00	2,100.00
5204440	Newsletter Publishing	969.29	1,059.90	1,032.30	1,100.00	0.00	1,100.00
5204460	Equipment Rental	5,062.71	3,593.91	3,843.75	5,200.00	(700.00)	4,500.00
5204480	Microfilm Processing	204.99	417.38	417.38	700.00	0.00	700.00
5204490	Rents-Private	14,931.00	15,183.00	15,183.00	15,531.00	0.00	15,531.00
5204510	Rents-Other	66.80	0.00	0.00	0.00	0.00	0.00
5204530	Telecommunications	2,098.11	2,231.71	2,169.22	2,500.00	0.00	2,500.00
5204540	Electricity	794.01	678.90	684.25	865.00	0.00	865.00
5204560	Water	161.95	140.10	140.10	240.00	0.00	240.00
5204590	Insurance Premiums	1,666.50	1,530.00	1,530.00	1,710.00	0.00	1,710.00
5204740	Bank Svc Chrg (Credit Card Fees)	147.61	1,809.10	1,809.10	2,000.00	700.00	2,700.00
5204960	Other Contractual - NASBA	53,443.18	69,979.09	0.00	0.00	0.00	0.00
5205020	Office Supplies	908.14	1,028.79	1,533.18	1,500.00	200.00	1,700.00
5205028	Office Supplies	0.00	162.89	0.00	0.00	0.00	0.00
5205310	Printing/Copying State	287.35	130.76	130.76	500.00	0.00	500.00
5205320	Printing Commercial	794.37	923.63	958.13	1,000.00	0.00	1,000.00
5205330	Supplement Publications & Ref	586.25	598.75	598.75	700.00	0.00	700.00
5205340	Microfilm Supplies & Material	0.00	0.00	0.00	300.00	0.00	300.00
5205350	Postage	3,989.74	3,035.99	3,035.99	3,100.00	0.00	3,100.00
5207430	Office Machines	0.00	0.00	0.00	100.00	0.00	100.00
5207900	Computer	0.00	0.00	0.00	4,800.00	0.00	4,800.00
5207905	Computer Systems	360.00	0.00	0.00	0.00	0.00	0.00
5207950	Computer Hardware	460.00	0.00	0.00	500.00	0.00	500.00
5207955	Computer Hardware	137.50	0.00	0.00	500.00	0.00	500.00
5207960	Computer Software	0.00	0.00	1,301.55	500.00	0.00	500.00
52079610	Computer Software	0.00	1,301.55	0.00		0.00	0.00
5228000	DOL Overhead Allocated Fees	6,200.34	7,269.05	7,269.05	6,500.00	900.00	7,400.00
5228030	Depreciation	0.00	0.00	12,070.40	0.00	12,070.40	12,070.40
	Object Totals	201,800.15	156,993.22	92,498.59	106,356.00	12,070.40	118,426.40
	Total Expenses	317,652.54	273,484.33	201,248.68	225,748.00	15,689.40	241,437.40
	Net Income (Loss)	-34,214.30	16,696.66	6,541.30	-31,828.00	-15,939.40	-47,767.40

BOARD TALKING POINTS

From prior meetings the Board has requested the following talking points be discussed at the in person meeting in August:

1. SDCL 36-20B-58 on the use and restriction of use of the title, designation or word accountant, auditor, or accounting.
 - a. Surrounding states and all jurisdictions there are about 15 with restrictions
2. CPE violations and possible standard fines for the violation.
 - a. Surrounding states issue fines ranging from \$250-\$1000
3. Additional Liability coverage beyond the \$1 million provided by the PEPL Fund.
 - a. Derived from the TX Board members individually being sued for \$2 million
4. SDCL 36-20B-54 review to add language so violation of performing attest work by a non-licensure would be subject to a fine.

BOARD REVIEW OF RECORDS RETENTION POLICY

Nicole Kasin 8-11-10

The board has requested to review the records retention policy.

Our Board policy and the surrounding states records retention policies are enclosed for review.



BOARD OF ACCOUNTANCY

RECORDS RETENTION AND DESTRUCTION SCHEDULE

State of South Dakota

Bureau of Administration

Records Management Program

(605) 773-3589



DEPARTMENT OF
EXECUTIVE MANAGEMENT

BUREAU OF
ADMINISTRATION

PMB 01234

RECORDS MANAGEMENT PROGRAM
104 S Garfield Avenue
c/o 500 East Capitol Avenue
Pierre, SD 57501-5070
Phone: (605) 773-3589
Fax: (605) 773-5955

MEMORANDUM

TO: State Agencies

FROM: Dana Hoffer
State Records Manager

SUBJECT: **Records Retention and Destruction Schedule Manual**

DATE: January 8, 2010

In 1967, the South Dakota Legislature established the Records Management Program and the Records Destruction Board. In the same act, the Legislature required every State agency to develop a records retention and destruction schedule and declared that "No record shall be destroyed or otherwise disposed of by any agency of the State unless it is determined by majority vote of such board (Records Destruction Board) that the record has no further administrative, legal, fiscal, research or historical value."

According to Administrative Rule 24:52:11:01, any State government agency planning to destroy agency records shall notify the State Archivist 30 days before the date of the proposed destruction. The request shall include the name or title of the records, inclusive dates, information content of the records, and quantity. This rule applies to all records, including those granted exclusive or continuous disposal authorization by the Records Destruction Board, with the following exceptions: vouchers, original and copies, and supporting documents; warrants, original and copies, multiple copies of State publications stored in bulk; obsolete blank forms; photocopies of computer printouts; and original copies of records that have been legally reproduced under the provisions of SDCL 1-27-4.

The State Archivist has 30 days to certify that the records have no permanent value and may be destroyed, or to make arrangements to transfer the records to the archives. If the Archivist fails to make a recommendation within this time, the records may be destroyed, provided that the agency has received authorization from the Records Destruction Board.

Finally, if you have any questions about implementing this manual or about your records in general, please contact Records Management at 773-3589. We will welcome an opportunity to discuss the proper implementation of sound records management practices.

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STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-1. ADMINISTRATIVE REFERENCE FILES:

07-032

This series may be arranged by subject matter and contains information used in the daily administration of the program or office. Information may include, but is not limited to: correspondence, personnel reports, budget, equipment, inventory, legislation, organization/association, and property management information; reports; research materials, policies and procedures; reference manuals; logs; rules and regulations; mailing lists; and any other related information. This record series is maintained for reference purposes.

RETENTION: Retain current in office. Destroy superseded or obsolete.

(Note: Cull files on a yearly basis to avoid build-up of superseded or obsolete materials.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE—DESCRIPTION—RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-2. ADMINISTRATIVE RULE PROMULGATION FILES:

07-032

This series contains notices of public hearings, affidavits of publication of notice, written comments from the public, and transcripts from the hearings. Files have little reference activity once their hearing has been held unless someone requests a copy of the transcript. Information serves to document the proper promulgation of administrative rules pursuant to SDCL 1-26.

RETENTION: Retain in office for as long as rules remain in effect, then destroy.

(NOTE: SDCL 11-26-7 states in part, that "Each agency shall keep the original records, documents, and instruments required by this chapter". There is no time frame included for these records. Since SDCL 1-26-6.8 provided that "No rule is enforceable in the Courts unless properly adopted", the records must be maintained at least until a curative statute has been adopted by the Legislature similar to SDCL 1-26A2, which cures all defects in adoption of rules appearing in the 1974 ARSD. Consider maintaining on microfilm instead of paper.)

(NOTE: Previous record series number was AC-1.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE—DESCRIPTION—RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-3. ANNUAL REGISTERS LISTING CPA'S AND PA'S:

07-032

This register is arranged alphabetically and geographically. It is published annually by the Board of Accountancy and contains a list of all accountants, and any CPA certificate or PA license holders not in public practice who wish to be included. Information may include: name, address, and phone number of all individual and firm permit holders. This record series is provided to all accountants for reference, and to generate lists for mailing purposes. It also documents compliance with SDCL 36-20B-5, and ARSD 20:75:01:06.

RETENTION: Retain diskette 1 year in office, then erase.

Retain one copy of the register 5 years in office, then destroy.

(NOTE: File thirteen copies of the published register with the State Library pursuant to SDCL 14-1A-3.)

(NOTE: Previous record series number was AC-2.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-4. BANK STATEMENTS:

07-032

This series is arranged chronologically and contains records sent from individual banks to use for reconciliation purposes. Information may include: date of statement, cancelled checks, deposit records, and bank balances. This record series is used to reconcile checking accounts with bank balances and for reference and audit purposes.

RETENTION: Retain 4 years in office, then destroy provided all litigation, claims, and audit findings involving the records have been resolved and final action has been taken.

(NOTE: Previous record series number was AC-5.)

BA-5. BOARD MEMBER FILES:

07-032

This series is arranged alphabetically, and contains information regarding individual Board members. Information may include: letters of appointment, terms, and expiration dates. This record series is maintained to document member appointments to the Board of Accountancy, and any other related information pertaining to each.

RETENTION: Retain current in office. Destroy superseded or obsolete.

(NOTE: Previous record series number was AC-6.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-6. COMMITTEE FILES:

07-032

This series is arranged alphabetically by committee name, and documents studies completed by committees formed by the Board for specific purposes. Information may include: minutes, studies, and recommendations. This record series is maintained to document the actions of the committees, and is summarized in the "Minutes, Board of Accountancy" files. These committees dissolve after their purpose has been fulfilled.

RETENTION: Retain 1 year in office after the committee has been dissolved, then microfilm and maintain film in office permanently.

(NOTE: Transfer microfilmed paper records to State Archives for final disposition.)

(NOTE: Previous record series number was AC-8.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE---DESCRIPTION---RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-7. COMPLAINTS:

07-032

This series contains all related correspondence received from either the general public or initiated by the Board of Accountancy concerning problems which have occurred with accountants and unlicensed persons. Information may include: nature of the complaint, related correspondence, investigation of the allegation, conclusion of the investigation, and related materials. This record series is used by the Board to determine if a complaint is substantiated, and, if so, to take corrective action. If the complaints are substantiated this information is then placed in each respective "Permit Files, CPA's, PA's, and Firms".

RETENTION: Retain unsubstantiated 1 year in office, then transfer to storage for 2 years. Destroy 3 years after determined to be unsubstantiated provided that no litigation is pending.

Retain substantiated until case closed, then transfer to the respective "Permit Files, CPA's, PA's, and Firms" file. Microfilm and maintain for 75 years. Destroy after 75 years.

Retain unlicensed in office 1 year after last activity, then destroy.

(NOTE: Previous record series number was AC-9.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE—DESCRIPTION—RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-8. CONTINUING PROFESSIONAL EDUCATION (CPE) STATUS LOGS:

07-032

This series is arranged alphabetically by schools or seminars which are approved to offer continuing professional education classes for accountants. Information may include: school or seminar name, course information, samples of text or handouts, correspondence, continuing professional education credits prior approvals, questionnaires, needs assessments, and approval forms. This record series is used to certify qualified classes, review course data, and lists of accountants who have successfully completed the course. The number of credit hours taken and still needed is summarized in the respective "Permit Files, CPA's, PA's, and Firms".

RETENTION: Retain 4 years in office, then destroy.

(NOTE: Previous record series number was AC-10.)

BA-9. CONTRACT AND AGREEMENT FILES:

07-032

This series contains contracts and agreements between the Board of Accountancy and other parties. Information may include: terms and conditions of the contracts and agreements, effective dates, costs, and funding sources. This record series is for reference and documentation purposes.

RETENTION: Retain current in office. Destroy 6 years after terminated.

(NOTE: SDCL 1-24A-1 requires that a copy of all consultant contracts be filed with the State Auditor.)

(NOTE: Previous record series number was AC-11.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE—DESCRIPTION—RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-10. EXAMINATION/REEXAMINATION CANDIDATE FILES:

07-032

This series is arranged alphabetically by applicant/candidate, and summarizes examinations passed or failed, and candidates eligible for reexamination. Information may include: date, applicant name and address, date applicant is eligible for reexamination, education credentials, transcripts, original and reexamination applications. This record series is moved to the "Permit Files, CPA's, PA's" upon successful completion of the examination.

RETENTION: Retain paper 2 years in office, then microfilm and maintain film for 73 years. Destroy after 75 years.

(NOTE: Previous record series number was AC-13.)

BA-11. EXAMINATION STATISTICS FILES:

07-032

This series is arranged chronologically, and contains a list of examinees taking the CPA examination. Information may include: name, address, testing firm scores, raw scores, national cut scores, test ID numbers, test location, and test date. This record series is used to provide statistical data to schools, and for annual reporting purposes.

RETENTION: Retain 2 years in office, then destroy.

(NOTE: Previous record series number was AC-14.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
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AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE—DESCRIPTION—RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-12. LOCAL BANKING ACCOUNT AUTHORIZATION FILES:

07-032

This series is arranged chronologically and documents permission granted by the State Auditor and the State Treasurer for the agency to maintain a local banking account. Information may include: date, account name, account number, type of account, a list of authorized depositors, yearly dollar volume, signatures of individuals authorized to write checks on the account, and approving signatures. This record series is maintained for audit purposes to document the authorization received to maintain a local banking account.

RETENTION: Retain 4 years in office, then destroy provided all litigation, claims, and audit findings involving the records have been resolved and final action has been taken.

(NOTE: Previous record series number was AC-18.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
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AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-13. MINUTES, BOARD OF ACCOUNTANCY:

07-032

This series is arranged chronologically, and contains the official minutes of the Board of Accountancy meetings. Information may include: copies of agendas, dates of meetings, members present, topics discussed, actions taken, approving signatures, copies of budget reports, examination application records, and inspection reports. This record series is used for reference and documentation purposes concerning actions taken by the Board.

RETENTION: Retain 1 year then microfilm, and maintain film in office permanently.

(NOTE: Transfer microfilmed paper records to State Archives for final disposition.)

(NOTE: Previous record series number was AC-19.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE---DESCRIPTION---RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-14. NEWSLETTER FILES:

07-032

This series contains the masters of newsletters published by the Board of Accountancy. Information may include: date, topics discussed, and informational materials. Multiple copies were printed and distributed to all accountants in the state to pass on items of news worthiness, and to report on changes in accounting rules and regulations.

RETENTION: Retain one copy of the newsletter 5 years in office, then destroy.

(NOTE: File thirteen copies of the published newsletter with the State Library pursuant to SDCL 14-1A-3, and two copies with State Archives.)

(NOTE: Previous record series number was AC-21.)

BA-15. NEWS RELEASE FILES:

07-032

This series contains the original news releases of the Board of Accountancy. They may consist of newspaper, radio, television, or other publications, and are maintained for reference when developing future news releases.

RETENTION: Retain 5 years in office, then destroy.

(NOTE: Previous record series number was AC-20.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

RECORD		R.D.B.
SERIES NO.	TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE	AUTHORITY
		NUMBER

BA-16. PERMIT AND CERTIFICATE STUB FILES:

07-032

This series is arranged numerically, and contains permit or certificate stubs. Information may include: the actual stub to which the permit or certificate was attached, name, date issued, and preprinted number assigned to permit or certificate holder. This record series is maintained to document issuance of permits and certificates, and for audit purposes.

RETENTION: Retain 4 years in office, then destroy provided all litigation, claims, and audit findings involving the records have been resolved and final action has been taken.

(NOTE: Previous record series number was AC-25.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-17. PERMIT FILES, CPA'S, PA'S, AND FIRMS:

07-032

This paper and microfilm jacket series is arranged alphabetically by name, and documents personal data for certified public accountants (CPA's), public accountants (PA's), and firms holding permits in South Dakota. Information in the CPA and PA files may include: original applications, college grade transcripts, references, verification of experience, renewal applications, renewal dates, fees paid, receipts, permit numbers issued, continuing professional education credits, complaints, Board actions taken, and business address. Information in the firms files may include: name, address, list of permit holders employed including their license numbers, type of ownership, corporate seal (where applicable), signature of manager, date of signature, copy of firm's letterhead, and permit number issued. This record series is used to document the licensing and renewal processes of all permit holders.

RETENTION: Retain in office for 5 years, then microfilm and maintain for 70 years. Destroy after 75 years.

(NOTE: Paper records may be destroyed once microfilm has been verified to be accurate and complete. Film subject to archival screening prior to disposal.)

(NOTE: Previous record series number was AC-23.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

RECORD **R.D.B.**
SERIES NO. **TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE** **AUTHORITY**
NUMBER

BA-18. PERMIT LOGS:

07-032

This binder and microfilm jacket series is arranged numerically by license number, and contains lists of permit numbers issued by the Board of Accountancy. Information may include: individual or firm names, certificate, license, and permit numbers. This record series is maintained for reference, audit, and annual reporting purposes. The list is also summarized in the Board minutes.

RETENTION: Retain full binder in office for 1 year, then microfilm and maintain film in office for 74 years. Destroy after 75 years.

(NOTE: Binders may be destroyed once microfilm has been verified to be accurate and complete.)

(NOTE: Previous record series number was AC-24.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-19. QUALITY REVIEW PROGRAM RECORDS:

07-032

This series is maintained to comply with SDCL 36-20B-36 which established a Quality Review Program. Information may include: correspondence, review reports, samples of audit and compilation reviews of financial statements, and recommendations to the Board of Accountancy. This record series documents quality review results done on each firm. These files are confidential, and not open to public scrutiny.

RETENTION: Retain in office for 3 years after review completed, then transfer to storage for 2 years. Destroy 5 years after case closed provided no litigation is pending.

(NOTE: Previous record series number was AC-28.)

BA-20. RECEIPT BOOKS:

07-032

This series is arranged numerically, and documents all receipts of money. Information may include: date issued, received of, address, amount, form of payment, purpose, and signature of receiver. This record series is for audit purposes.

RETENTION: Retain full book 1 year in office then transfer to storage for 3 years. Destroy 4 years after last entry provided all litigation, claims, and audit findings involving the records have been resolved and final action has been taken.

(NOTE: Previous record series number was AC-29.)

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE—DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-21. RECORDS MANAGEMENT FILE:

07-032

This series contains the completed forms used to track inactive records that have been sent to Records Management (RM) Storage; and the department's "Records Retention and Destruction Schedule" (RRDS). Information may include: standard records transfer receipt forms, microfilm project registration forms; and microfilm and box destruction authorization forms. This record series is maintained for tracking records sent to Records Management storage, to document the time each record series must be legally maintained, and to document authorization granted to RM for destruction of obsolete records.

RETENTION: RECORD DESTRUCTION AUTHORIZATION FORMS: Retain 3 years in office, then destroy.

ALL OTHER INFORMATION: Retain current in office. Destroy superseded or obsolete.

STATE OF SOUTH DAKOTA
RECORDS RETENTION &
DESTRUCTION SCHEDULE
AUTHORIZATION FORM
(Std Form RM-1 Rev 1/03)

DEPARTMENT: Labor
DIVISION: Secretary
OFFICE: Boards and Commissions
PROGRAM: Board of Accountancy
RECORDS OFFICER: Monica Harding
RM CUSTOMER #: 0129

<u>RECORD</u> <u>SERIES NO.</u>	<u>TITLE--DESCRIPTION--RETENTION AND DESTRUCTION SCHEDULE</u>	<u>R.D.B.</u> <u>AUTHORITY</u> <u>NUMBER</u>
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BA-22. SURPLUS PROPERTY FILES:

09-012

This series contains the form submitted to the director of South Dakota Property Management for approval to dispose of State-owned personal property and the written notification received from Property Management designating the manner of disposal. Information may include: agency name; date; address or location of property; phone number; name of individual requesting; Property Management Officer's name; description of item(s); quantity; serial number; equipment number; desired method of disposal as authorized; reason for declaring property as surplus; estimate of current value; suggested selling price; minimum acceptable price; statement of content; fixed asset number, if applicable; and any other information deemed necessary. This record series is maintained pursuant to SDCL 5-24A.

RETENTION: Retain 1 year in office, then transfer to storage for 3 years. Destroy after 4 years provided all litigation, claims, and audit findings involving the records have been resolved and final action has been taken.

1. Schedule Number 08-089	Date 9/26/07	2. New Revision of 06-119	MINNESOTA RECORDS RETENTION SCHEDULE
3. Agency Board of Accountancy	4. Division/Section	6. Page 1 of 2	See attached page(s) for records description
5. Address 85 E 7 th Place, Suite 125 St. Paul MN 55101-2143			
7. For Use By Records Panel Only			
AUTHORIZATION: Under the authority of M.S. 138.17, it is hereby ordered that the records listed on this application be disposed per approved schedule.			
8. Agency Records Management Officer (signature) <i>Bev Carey</i>	Date 9/25/07	11. Minnesota Historical Society, Director <i>Charles W. Hodgen</i> 26 Sept 2007	Date
9. Type Name / Phone Bev Carey 651-215-6856	12. Legislative or State Auditor <i>Paul A. White</i> 10/2/07	13. Attorney General <i>Patrick Nelson</i> 10-08-07	Date

Original-State Records Disposition Panel
 Copy 1-Agency (after approval)

1. Schedule No.	3. Agency Board of Accountancy	4. Division/Section:	6. Page 2 of 2
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14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. SM*	18. Statute	19. Vital? (Yes/no)	20. Archival? (Yes/no)
1	Certificate holder files	4 years after deceased, retired, or reach age 75	1			No
2	Licensee files	4 years after deceased, retired, or reach age 75	1			No
3	Applications for individuals for licensure by comity which have been denied	5 years after denial	1			No
4	Ethics (complaint) files	7 years after file has been closed	1			No
5	Routine Correspondence	*Retain public orders 2 years	1			No
6	Minutes of Meetings	Permanent	1			Yes
7	Annual Reports	Permanent	1			Yes
8	Printed Roster lists	Permanent	1			Yes
9	Exam Materials, including Seating Tickets, ID cards, Out-of-State Proctor Requests and Attendance Records for specific exams	4 years after exam	1			No
10	Revoked Licensed Public Accountant files	As of 1/2003 the LPA status is non-existent. Due to statutory changes (MS 326A.06, MR 1105.4500), active LPAs were granted CPA certificates provided they met all requirements. All other LPA certificates were revoked.	1			No
11	Dissolved CPA Firm files	4 years after dissolution date	1			No
12	Administrative Rule Writing Packages	Permanent	1			Yes
13	Emails	Destroy after 60 days	1			No

* SM = Storage Medium
P=Paper (including maps, blueprints, plans, cards, checks/warrants), M=Microfilm (not COM), C=Computer Output Microfilm (COM), E=Electronic (including tapes, disks), A=Other (including photographs, computer cards, X-Rays, slides, exhibits)

KANSAS Record Retention Policy

We adopt the AICPA and PCAOB retention policies. 5 years on non SEC services, and 7 years on SEC services

Board's documents, like CPA files, firm files, candidate files, etc - Forever

Accountancy Board Records Retention Schedules IOWA

Reference Number	Record Series Title	Retention Periods		
		Office	State Records	Total
EMP 1-1-7	Complaint and Disciplinary Files	5 years	55 years	60 years
EMP 1-2-1	Register Book-Certificate Holders	Permanent-Created in System		
EMP 1-2-1	Annual Register	Permanent-Create one copy/year out of system-Run on May 1 st every year		
EMP 1-2-1	Exam and Reciprocity Candidates	Permanent-File created for every candidate		
EMP 1-2-2	Licensing-Current Register	While active-Maintained in System		
EMP 1-2-2	Firm Permits to Practice	3 years	17 years	20 years
EMP 1-2-2	Renewals	3 years		
EMP 1-2-2	Continuing Ed Reporting Form (Included in Renewals)	3 years		
EMP 1-2-4	Complaints-Licensee	5 years		
EMP 1-2-4	Hearings and Appeals	60 years		



Agency Records Disposition Schedule

Department: Department of Insurance, Financial Institutions and Profession

Section: Board of Accountancy

Division: Professional Registration

Sub-Section:

TITLE: Annual Permit Renewal Applications

CUTOFF:

DESCRIPTION: Annual Permit Renewal Applications

RETENTION: Years: 10 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 3395 **SERIES STATUS:** Approved

APPROVAL DATE: 07/07/1992

TITLE: Certified Public Accountant Application File Deceased

CUTOFF:

DESCRIPTION: Certified Public Accountant Application File Deceased file destroyed upon Notification

RETENTION: Years: 75 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 3386 **SERIES STATUS:** Approved

APPROVAL DATE: 07/07/1992

TITLE: Continuing Education Reports and Audits

CUTOFF:

DESCRIPTION: Continuing Education Reports and Audits

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 3408 **SERIES STATUS:** Approved

APPROVAL DATE: 07/07/1992

TITLE: CPA and PA firms and Professional Corporations Applications Files

CUTOFF: EOSFY

DESCRIPTION: CPA and PA firms and Professional Corporations Applications Files

RETENTION: Years: Months: Days:

NOTES:

DISPOSITION ACTION: Permanent

SERIES #: 3392 **SERIES STATUS:** Approved

APPROVAL DATE: 07/07/1992



Department: Department of Insurance, Financial Institutions and Profession
 Division: Professional Registration

Agency Records Disposition Schedule

Section: Board of Accountancy
 Sub-Section:

TITLE: CPA examination grade card

DESCRIPTION: CPA examination grade card

NOTES:

SERIES #: 3390 **SERIES STATUS:** Approved

CUTOFF:
RETENTION: Years: 75 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
APPROVAL DATE: 07/07/1992

TITLE: Index File Cards (CPA, PA, Firms and Prof. Corp.)

DESCRIPTION: Index File Cards (CPA, PA, Firms and Prof. Corp.); "Permanent until updated"

NOTES:

SERIES #: 3394 **SERIES STATUS:** Approved

CUTOFF: WSO
RETENTION: Years: 0 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
APPROVAL DATE: 07/07/1992

TITLE: Public Accountant Application File

DESCRIPTION: Public Accountant Application File

NOTES:

SERIES #: 3388 **SERIES STATUS:** Approved

CUTOFF:
RETENTION: Years: 75 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
APPROVAL DATE: 07/07/1992

TITLE: Violations and Complaints File

DESCRIPTION: Violations and Complaints File

NOTES:

SERIES #: 3404 **SERIES STATUS:** Approved

CUTOFF:
RETENTION: Years: 75 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
APPROVAL DATE: 07/07/1992



Agency Records Disposition Schedule

Department: Department of Insurance, Financial Institutions and Profession

Section: Board of Accountancy

Division: Professional Registration

Sub-Section:

TITLE: Void Certificates

CUTOFF:

DESCRIPTION: Void Certificates. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 3407

SERIES STATUS: Approved

APPROVAL DATE:

07/07/1992



Agency Records Disposition Schedule

Department: General Retention Schedule
Division: Administrative Operations

Section:
Sub-Section:

TITLE: Administrative Rules and Regulations - Agency Files

CUTOFF: Publication of final order of rulemaking in Missouri Register

DESCRIPTION: Agency's statement of general applicability that implements, interprets, or prescribes law or policy, or that describes the organization, procedure, or practice requirements of the agency. Created pursuant to RSMo 536. Includes significant work papers involved in development of final rule or regulation.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21515 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Agency Organizational Charts

CUTOFF: WSO

DESCRIPTION: Charts reflecting the organizational structure of the agency and its divisions. Information includes a diagram which shows systematic and symbolic program areas by name and function.

RETENTION: Years: 0 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21529 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Annual Report

CUTOFF: EOBY in which report is released

DESCRIPTION: A detailed explanation or description of the previous year's activity; may include mission, goals met/unmet, monies spent and or saved, employee information, and any other statistical information germane to the organization or project. A copy will be sent to the Missouri State Archives.

RETENTION: Years: Months: Days:

NOTES:

DISPOSITION ACTION: Permanent

SERIES #: 21516 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Audiovisual Productions

CUTOFF: EOBY production is released

DESCRIPTION: Moving image and sound productions produced by an agency for wide general release. Includes, but is not limited to, instructional materials in audiovisual format, public service announcements, advertisements, radio programs, and television programs.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Transfer to Missouri State Archives

SERIES #: 21518 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Conference, Seminar, and Workshop Sponsor Records
CUTOFF: EOFY in which Conference, etc. completed
DESCRIPTION: Records documenting an agency's role in the administration, planning, arrangement, and execution of conferences. Includes but not limited to planning and arrangement documents, program brochures and announcements, registration and attendance lists, reports, proceedings, summary evaluations, and related correspondence. May be destroyed after conclusion of state audit if completed before end of retention period.
NOTES:
DISPOSITION ACTION: Destroy

SERIES #: 21541 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007

TITLE: Declination Forms
CUTOFF: EO CY
DESCRIPTION: Supporting documentation verifying that agency personnel have offered voter registration services to constituents who have declined to register.
NOTES:
DISPOSITION ACTION: Destroy

SERIES #: 23149 **SERIES STATUS:** Pending **APPROVAL DATE:**

TITLE: Emergency Preparedness Plans
CUTOFF: WSO
DESCRIPTION: Document the plans for protection and reestablishment of agency services and equipment in case of disaster. Information includes plan, procedures, checklists, and emergency phone numbers and addresses.
NOTES:
DISPOSITION ACTION: Destroy

SERIES #: 21537 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007

TITLE: Financial Interest Statement Records
CUTOFF: Separation from employment
DESCRIPTION: Agency documentation of filing of Personal Financial Disclosure Statement by covered employees with the State Ethics Commission per RSMo 105.483-492.
NOTES:
DISPOSITION ACTION: Destroy

SERIES #: 21540 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Section:
 Sub-Section:

Agency Records Disposition Schedule

TITLE: General Correspondence - Elected Officials and Department Directors

CUTOFF: Completion of term of office or tenure

DESCRIPTION: Documents of a general nature that were created or received in the course of leading and managing the agency or department, which are not included in another records series. Examples of general correspondence are:

RETENTION: Years: Months: Days:

- a) Interoffice or interdepartmental communications which do not subsequently result in the formulation of policy; (b) daily, weekly, or monthly work assignments (including duty roster files) for agency staff; (c) calendars, appointment books, schedules, logs, diaries, and other records documenting meetings, appointments, telephone calls, trips, visits, and other daily activities of state employees; and (d) unpublished calendars of events and activities. Transfer to the Missouri State Archives.

NOTES:

DISPOSITION ACTION: Transfer to Missouri State Archives

SERIES #: 21530 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: General Correspondence - Program Operations

CUTOFF: EOSFY

DESCRIPTION: Records of a general nature that were created or received in the course of administering the agency's programs, which are not included in another records series. Examples of administrative support documents are: (a) interoffice or interdepartmental communications which do not subsequently result in the formulation of policy; (b) daily, weekly or monthly activity reports that are summarized in annual reports or that relate to routine activities (including work progress or statistical reports prepared in the agency and forwarded to higher levels within the agency); (c) daily, weekly, or monthly work assignments (including duty roster files) for agency staff; (d) calendars, appointment books, schedules, logs, diaries, and other records documenting meetings, appointments, telephone calls, trips, visits, and other daily activities of state employees; and (e) unpublished calendars of events and activities.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21531 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: General Correspondence - Transitory

CUTOFF: WSO

DESCRIPTION: Documents of short-term interest that have no documentary or evidentiary value, which are not included in another records series. Examples of transitory correspondence are: (a) routine requests for information or publications which require no administrative action, policy decision, or special compilation or research; (b) replies to routine requests as stated above; (c) letters of transmittal that do not add any information to that contained in the transmittal material; (d) quasi-official notices including memoranda and other records that do not serve as the basis of official actions, such as holiday notices, charitable campaigns, etc.

RETENTION: Years: 0 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

NOTES:

SERIES #: 21532 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Interim Record Series for Non-Permanent Microfilm

CUTOFF: EO CY

DESCRIPTION: This record series will account for all reels of microfilm requiring more research as to what record series the film should be assigned to. This record series shall only be used to facilitate data migration to the new State of Missouri Agency Records Tracking (SMART) System

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

SERIES #: 22839 **SERIES STATUS:** Approved

APPROVAL DATE: 12/17/2008

TITLE: Interim Record Series for Permanent Microfilm

CUTOFF: EO CY

DESCRIPTION: This record series will account for all reels of microfilm requiring more research as to what record series the film should be assigned to. This record series shall only be used to facilitate data migration to the new State of Missouri Agency Records Tracking (SMART) System

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Permanent

SERIES #: 22840 **SERIES STATUS:** Approved

APPROVAL DATE: 12/17/2008

TITLE: Internal Audits - Report

CUTOFF: WSO

DESCRIPTION: Audit reports and related documents generated through internal audits. These records contain significant documentation of value to historians. Audit records should be retained by the agency until their sensitivity has subsided, then they are transferred to the Missouri State Archives.

RETENTION: Years: 10 Months: 0 Days: 0

DISPOSITION ACTION: Transfer to Missouri State Archives

SERIES #: 21542 **SERIES STATUS:** Approved

APPROVAL DATE: 12/17/2008

TITLE: Internal Audits - Work Papers

CUTOFF: Completion of Audit

DESCRIPTION: Supporting documentation of investigations or reviews prepared or conducted by internal auditors regarding the performance or management of a program, department or agency. Audits may assess effectiveness, economy, and efficiency; internal controls; and compliance with legal or other requirements. May also provide prospective analyses, guidance, or summary information.

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

SERIES #: 21543 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Internal Updates

CUTOFF: EOSFY

DESCRIPTION: Information submitted by sections within an agency to agency heads at defined times such as quarterly, annually, or biannually. Information may include, but is not limited to goals, monies spent and or saved, employee information, and any other statistical information germane to the organization or project. This information may feed into official reports.

RETENTION: Years: 5 Months: Days:

NOTES: Official Reports record series number is 21516.

DISPOSITION ACTION: Destroy

SERIES #: 23147 **SERIES STATUS:** Pending

APPROVAL DATE:

TITLE: Legislative Tracking Files

CUTOFF: EOFY in which legislative initiative is completed or abandoned

DESCRIPTION: Records that document the development and monitoring of legislation, which may have an impact on an agency's programs or policies. May include but is not limited to proposals, bill logs, fiscal/organizational impact analysis papers, copies of bills, testimony summaries, legal research and attorney notes, drafts, committee reports, agendas, and correspondence.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21528 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Mailing Lists

CUTOFF: EOSFY

DESCRIPTION: Lists and registers used to record the names and addresses of constituents and others with whom the agency has regular contact for general purposes.

RETENTION: Years: 0 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21538 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Minutes - Agency Staff/Committee Minutes

CUTOFF: EOSFY

DESCRIPTION: Records relating to establishment, organization, membership, and policy of internal committees or staff meetings. May include agendas, handouts, minutes, final reports, and related records documenting the accomplishments of the committee.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21527 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule

Section:
 Sub-Section:

SERIES #: 21525 **SERIES STATUS:** Approved

CUTOFF: EOSFY

TITLE: Minutes - Official State Committees, Commissions, Boards, and Councils
DESCRIPTION: Original official records of the proceedings of meetings. May include agendas, verbatim recordings from which no transcription is made, meeting announcements, and other supporting documents. A copy will be sent to the Missouri State Archives.

RETENTION: Years: Months: Days:

DISPOSITION ACTION: Permanent

APPROVAL DATE: 08/02/2007

SERIES #: 21526 **SERIES STATUS:** Approved

CUTOFF: Completion of transcription

TITLE: Minutes - Verbatim Recordings (Stenographic, Audio, or Video)
DESCRIPTION: Recordings of meetings made exclusively for note-taking or transcription of official meetings or proceedings.

RETENTION: Years: 1 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

SERIES #: 21519 **SERIES STATUS:** Approved

CUTOFF: EOY in which released to media

TITLE: News Releases
DESCRIPTION: Records of information officially released to the media for dissemination to the public. A copy will be sent to the Missouri State Archives.

RETENTION: Years: Months: Days:

DISPOSITION ACTION: Permanent

APPROVAL DATE: 08/02/2007

SERIES #: 21520 **SERIES STATUS:** Approved

CUTOFF: Completion of project or event

TITLE: Photographs
DESCRIPTION: Records in this category can include photographic images recorded in a variety of media: prints, negatives, slides, and electronic files. Most photographic records are produced as a part of other record series, and so should be retained as required for other records in that series. All photographs, however, may have some historical research value. Before destroying any photographic records, agencies should contact the Visual Materials Archivist at the Missouri State Archives for consultation and review.

RETENTION: Years: 10 Months: 0 Days: 0

DISPOSITION ACTION: Transfer to Missouri State Archives

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Policy and Planning Records
DESCRIPTION: Records documenting the development, implementation, and review of an agency's policies, programs, and activities. Records may include but are not limited to strategic and management plans, mission and goal statements, final policy statements and directives, and related correspondence.
NOTES:

SERIES #: 21512 **SERIES STATUS:** Approved

TITLE: Policy and Planning Supporting Documentation
DESCRIPTION: Material used in the development of policies and plans of an agency. May include but is not limited to drafts, research notes, and related documentation.
NOTES:

SERIES #: 21513 **SERIES STATUS:** Approved

TITLE: Procedure Guidelines and Manuals
DESCRIPTION: Documentation of internal instructions, rules, and guidelines for current agency procedures. Records may include but are not limited to authorizing bulletins and advisories, manuals documenting departmental procedures, handbooks, and desk manuals. Record copy maintained by the issuing office.
NOTES:

SERIES #: 21514 **SERIES STATUS:** Approved

TITLE: Public Information Requests and Documentation
DESCRIPTION: Requests from the public for information pursuant to RSMo 6-10 (Missouri Sunshine Law) and documentation of the response.
NOTES:

SERIES #: 21524 **SERIES STATUS:** Approved

CUTOFF: EOFY in which superseded
RETENTION: Years: 5 Months: 0 Days: 0
DISPOSITION ACTION: Transfer to Missouri State Archives

APPROVAL DATE: 08/02/2007

CUTOFF: EOFY in which final version published
RETENTION: Years: 10 Months: 0 Days: 0
DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

CUTOFF: EOFY in which superseded
RETENTION: Years: 5 Months: 0 Days: 0
DISPOSITION ACTION: Transfer to Missouri State Archives

APPROVAL DATE: 08/02/2007

CUTOFF: EOSFY
RETENTION: Years: 2 Months: 0 Days: 0
DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Public Meeting Notice

CUTOFF: EOFRY

DESCRIPTION: Public notices of meetings under RSMo 610.010 (5), Missouri Sunshine Law.

RETENTION: Years: 2 Months: 0 Days: 0

NOTES: DISPOSITION ACTION: Destroy

SERIES #: 21523 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: Publications

CUTOFF: EOFRY in which material is printed and distributed

DESCRIPTION: Documents printed or otherwise produced for wide distribution inside or outside an agency. May include but is not limited to brochures, pamphlets, posters, books, handbooks, and maps. A copy will be sent to the Missouri State Archives.

RETENTION: Years: Months: Days:

NOTES: DISPOSITION ACTION: Permanent

SERIES #: 21517 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: Records Management Documentation - Agency Retention and Disposition Schedule

CUTOFF: Missouri State Records Commission approval of revised series

DESCRIPTION: This document, approved by the Missouri State Records Commission, grants the agency the authority to dispose of records having met their retention requirements. Created pursuant to RSMo 109. Copies. Originals in Records Management Division of the Office of the Secretary of State.

RETENTION: Years: 0 Months: 0 Days: 0

NOTES: DISPOSITION ACTION: Destroy

SERIES #: 21533 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: Records Management Documentation - Destruction Certificates

CUTOFF: EOFRY in which final disposition of the subject records occurs. Attach to Transmittal.

DESCRIPTION: Documents that verify the destruction of records that have met their retention requirements. Copies. Originals in Records Management Division of the Office of the Secretary of State.

RETENTION: Years: 5 Months: Days:

NOTES: DISPOSITION ACTION: Destroy

SERIES #: 21535 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Administrative Operations

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Records Management Documentation - Records Center Transmittals

DESCRIPTION: Documentation of transfer of records to the State Records Center for storage. Copies. Originals in Records Management Division of the Office of the Secretary of State.

NOTES:

SERIES #: 21534 **SERIES STATUS:** Approved

TITLE: Records Management Documentation - Transfer Certificates

DESCRIPTION: Documents that authorize and confirm the transfer of records that have met their retention requirements to the Missouri State Archives. Copies. Originals in Records Management Division of the Office of the Secretary of State.

NOTES:

SERIES #: 21536 **SERIES STATUS:** Approved

TITLE: Speeches - Elected Officials and Executive Level

DESCRIPTION: Final copies of speeches given by an agency director, deputy director and division directors. Speeches may concern policy issues, strategic planning, legislation concerning the agency, and other related topics. Includes recordings of the speech in any form, and any audio-visual content. A copy will be sent to the Missouri State Archives.

DISPOSITION ACTION: Permanent

SERIES #: 21521 **SERIES STATUS:** Approved

TITLE: Speeches - Non-Executive Level

DESCRIPTION: Final copies of speeches given by employees below the agency director, deputy director and division directors? level. Speeches concern program procedure, work activities, and related topics.

NOTES:

SERIES #: 21522 **SERIES STATUS:** Approved

CUTOFF: EOFY in which final disposition of the subject records occurs. Attach to Destruction Certificate.

RETENTION: Years: 5 Months: Days:

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

CUTOFF: Approval of transfer by all parties. Attach to Transmittal.

RETENTION: Years: 5 Months: Days:

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

CUTOFF: EOFY

RETENTION: Years: Months: Days:

APPROVAL DATE: 08/02/2007

CUTOFF: EOFY

RETENTION: Years: 0 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
Division: Administrative Operations

Agency Records Disposition Schedule

Section:
Sub-Section:

TITLE: Visitors Logs

CUTOFF: EOSFY

DESCRIPTION: Documentation of registration of non-agency personnel and visitors into the agency's building and/or office area. Information may include but is not limited to date and time visitor checked in and out, visitor name, reason for visit, agency contact name, and badge identification number.

RETENTION: Years: 1 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

NOTES:

SERIES #: 21539 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Fiscal

Agency Records Disposition Schedule

Section:
Sub-Section:

TITLE: Budget Files

CUTOFF: EOSFY

DESCRIPTION: Financial status reports, financial/operating documentation, quarterly allotments, and allocations used in administration of an agency's budget. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

SERIES #: 21547

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Budget Formulation Papers

CUTOFF: EOSFY

DESCRIPTION: Includes budget research, assorted reports and worksheets associated with budget planning, and estimated cost for a fiscal year of operations, personnel services, repair, and replacement. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

SERIES #: 21548

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Check Registers

CUTOFF: EOSFY

DESCRIPTION: Records in SAM II or other system, whether electronic or paper, that document account activity.

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

NOTES:

SERIES #: 21557

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Current Earnings Report

CUTOFF: EOSFY

DESCRIPTION: Documentation of amounts earned, paid, and withheld from employees for a pay period. Contains information for each employee, organized by administrative unit. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

NOTES:

SERIES #: 21560

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007



Department: General Retention Schedule
 Division: Fiscal

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Employment Tax Records

DESCRIPTION: Documentation of the collection, distribution, deposit, and transmittal of federal, state, and local income taxes and payroll taxes.

NOTES:

SERIES #: 21552

SERIES STATUS: Approved

CUTOFF: EOFY

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE:

08/02/2007

TITLE: Expense Accounts

DESCRIPTION: Records documenting funds allocated to individuals or programs for travel or other expenses incurred in the course of business. Not records of actual expenses or records that document actual payments.

NOTES:

SERIES #: 21556

SERIES STATUS: Approved

TITLE: Fiscal Notes - Agency Copy

DESCRIPTION: Statement prepared by agency concerning impact of proposed legislation. Prepared pursuant to RSMo 23.140. Copies. Original at Committee on Legislative Research.

NOTES:

SERIES #: 21545

SERIES STATUS: Approved

TITLE: Fiscal Notes - Working Papers

DESCRIPTION: Supporting documents of statement of fiscal impact prepared by agency on proposed legislation pursuant to RSMo 23.140.

NOTES:

SERIES #: 21546

SERIES STATUS: Approved

CUTOFF: EOFY

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE:

08/02/2007



Department: General Retention Schedule
 Division: Fiscal

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Grant Files - Grantor Agency
CUTOFF: EOFY in which grant closes
RETENTION: Years: 5 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
DESCRIPTION: Records related to grants awarded by an agency. These files include all funded applications, supporting documentation, contracts, agreements, and routine reports submitted by the grant recipient. Project completion has not occurred until all reporting requirements are satisfied and final payments have been made.
NOTES:

SERIES #: 21560 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007

TITLE: Grant Files - Recipient
CUTOFF: EOFY in which grant closes
RETENTION: Years: 5 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
DESCRIPTION: Records related to the expenditure of funds received under a grant. Documents remain active until project is completed, reporting requirements are satisfied, and final payments are received.
NOTES:

SERIES #: 21559 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007

TITLE: Payment Support Documentation
CUTOFF: EOSFY
RETENTION: Years: 5 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
DESCRIPTION: Original billing invoices, receipts, approval documentation, and any other documentation that supports a purchase.
NOTES:

SERIES #: 21558 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007

TITLE: Payroll
CUTOFF: EOSFY
RETENTION: Years: 3 Months: 0 Days: 0
DISPOSITION ACTION: Destroy
DESCRIPTION: Hours to gross wage reports, time and attendance activity reports, payroll accounting adjustments, and related documents. May be destroyed after conclusion of state audit if completed before end of retention period.
NOTES:

SERIES #: 21549 **SERIES STATUS:** Approved **APPROVAL DATE:** 08/02/2007



Department: General Retention Schedule
 Division: Fiscal

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Payroll Requisition

CUTOFF: EOSFY

DESCRIPTION: Form requesting general revenue funds for meeting payroll obligations. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21551

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Revenue Transmittals - Agency Copies

CUTOFF: EOSFY

DESCRIPTION: Forms sent to the Department of Revenue listing amounts received and to be deposited with the State Treasurer.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21553

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: State Auditor Audit Reports

CUTOFF: Completion of Audit

DESCRIPTION: Agencies' copies of final reports prepared by the State Auditor. The report details and examines an agency's operations and performance. Original is maintained in the Missouri State Auditor's Office.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21544

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: State Payment Requisition

CUTOFF: EOSFY

DESCRIPTION: Document recording vendor, purchase orders, encumbrance amount to be liquidated, payment made, check date, and vendor number.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21555

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007



Department: General Retention Schedule
Division: Fiscal

Section:
Sub-Section:

Agency Records Disposition Schedule

TITLE: Warrant Request or Requisition

CUTOFF: EOSFY

DESCRIPTION: Forms used to request payment from general revenue by state agencies to pay vendors for supplies and/or services the vendors have provided to the agencies.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

ERIES #: 21554 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Human Resources

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Affirmative Action Plan - Agency

CUTOFF: WSO

DESCRIPTION: Agency copy of state affirmative action plan, written in accordance with the Affirmative Action Program, Governor's Executive Orders, applicable federal and state laws and regulations, and the principles of affirmative action and equal employment opportunity.

RETENTION: Years: 0 Months: Days:

NOTES: DISPOSITION ACTION: Destroy

SERIES #: 22947 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: Annual Delinquent Tax Check Report

CUTOFF: EOCY

DESCRIPTION: Report from the Department of Revenue listing tax filing status of all current employees. All state employees must be current with state taxes to be employed with the state of Missouri, RSMo 105.262. Checks are made annually for a 3-year period. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES: DISPOSITION ACTION: Destroy

SERIES #: 21576 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: Classification Questionnaires

CUTOFF: WSO

DESCRIPTION: The Position Description Forms (PDF's) completed by all classified employees used to assist with the proper allocation and classification of Uniform Classification and Pay (UCP) positions.

RETENTION: Years: 0 Months: 0 Days: 0

NOTES: Agency copy. Originals maintained by Office of Administration. DISPOSITION ACTION: Destroy

SERIES #: 23145 SERIES STATUS: Pending

APPROVAL DATE:

TITLE: Employee Background Checks - Hired

CUTOFF: Separation from employment

DESCRIPTION: Records related to the investigation of an employee's personal background in order to determine the suitability for employment. May include questionnaires, personal history documentation, records related to the investigation, and any resulting reports.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: DISPOSITION ACTION: Destroy

SERIES #: 21574 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Human Resources

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Employee Background Checks - Not Hired

CUTOFF: EOSFY in which background check completed

DESCRIPTION: Records related to the investigation of a job applicant's personal background that result in a determination of ineligibility for employment. May include questionnaires, personal history documentation, records related to the investigation, and any resulting reports.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21575 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Employment Application - Hired

CUTOFF: Upon employment

DESCRIPTION: Completed employment application and resume of applicant hired by agency. Information may include applicant's name, address, position applied for, educational background, work experience and other related material.

RETENTION: Years: 0 Months: 0 Days: 5

NOTES:

DISPOSITION ACTION: Transfer original to personnel file

SERIES #: 21572 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Employment Application - Not Hired

CUTOFF: EOFY in which job is closed

DESCRIPTION: Completed employment application and resume of applicant not hired by agency. Information may include applicant's name, address, position applied for, educational background, work experience and other related material.

RETENTION: Years: 1 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21573 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Family Medical Leave Act (FMLA) Files

CUTOFF: Separation from employment

DESCRIPTION: Per 29 CFR 825.500, agencies must maintain records that disclose the following: medical certifications of histories of employees or employees' family members, basic payroll and identifying employee data, dates and hours FMLA leave is taken by eligible employees, employer notices regarding FMLA benefits, premium payments of employee benefits, and records of any disputes with employees over FMLA benefits.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES: Records relating to, or created for, the purpose of FMLA must be maintained in a separate, confidential file.

DISPOSITION ACTION: Destroy

SERIES #: 23148 **SERIES STATUS:** Pending

APPROVAL DATE:



Department: General Retention Schedule
 Division: Human Resources

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Grievance Files

CUTOFF: EOFY Grievance resolved

DESCRIPTION: Records documenting grievances filed against state agencies or employees. May include but not limited to original grievance, investigative report, pre-hearing reports, grievance forms, related correspondence, summary sheets, employee history information, and decision rendered.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21585

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: I-9 Files

CUTOFF: Separation from employment

DESCRIPTION: Includes I-9 and related documentation to confirm an employee's eligibility for legal employment in the United States. Must be filed separately from employee personnel files.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21570

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Incident Files - No Claim Filed

CUTOFF: EOSFY

DESCRIPTION: Records document employee or non-employee accident and injury incidents that occur in the workplace. Incidents may or may not result in a claim. Records may include but are not limited to incident reports, occupational injury report and investigation records, employee identification and physical assessment forms, and related documentation and correspondence.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21582

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007



Department: General Retention Schedule
 Division: Human Resources

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Incident Files- Claim Filed

CUTOFF: Filing of claim

DESCRIPTION: Records document employee or non-employee accident and injury incidents that occur in the workplace. If this is an employee, these records must be kept in a separate location from employee personnel records as required by the Americans with Disabilities Act. Records may include, but are not limited to, medical examination records, X-rays, records of significant health or disability limitations related to job assignments, documentation of work related injuries or illnesses, first-aid incident records, physician statements, release consent forms, and related correspondence. May also be referred to as Employee Medical Files. Transferred to claim file when closed.

RETENTION: Years: Months: Days: 30
DISPOSITION ACTION: Transfer to appropriate file

SERIES #: 21581

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Incident Files- Hazardous Exposure

CUTOFF: Employee separation

DESCRIPTION: Documentation of employee's work related medical history related to exposure to hazardous materials. These records must be kept in a separate location from employee personnel records as required by the Americans with Disabilities Act. Records may include, but are not limited to medical examination records, X-rays, records of significant health or disability limitations related to job assignments, documentation of work related injuries or illnesses, hazard exposure records, first-aid incident records, physician statements, release consent forms, and related correspondence. Records must be maintained for 30 years from employee separation per 29 CFR 1910.1020.

RETENTION: Years: 30 Months: 0 Days: 0
DISPOSITION ACTION: Destroy

SERIES #: 21583

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007

TITLE: Job Announcements

CUTOFF: EOFY in which vacancy is filled or closed

DESCRIPTION: Announcements concerning job openings in state government. Information includes title of position, job description, salary or grade range, merit system classification, date, and instructions for application.

RETENTION: Years: 1 Months: 0 Days: 0
DISPOSITION ACTION: Destroy

NOTES:

SERIES #: 21571

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007



Department: General Retention Schedule
 Division: Human Resources

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Merit System Register Certificates

CUTOFF: EOFY in which position filled.

DESCRIPTION: Documentation of Merit hiring process. A certificate exists for all merit positions. Merit certificates are filed when hiring for vacant positions. The records are used while posting, interviewing and hiring Merit staff and are maintained for procedural compliance review purposes.

RETENTION: Years: 0 Months: 0 Days: 90

NOTES: Agency copy. Original, with notes, must be returned to the Office of Administration, Division of Personnel.

DISPOSITION ACTION: Destroy

SERIES #: 23146 **SERIES STATUS:** Pending

APPROVAL DATE:

TITLE: Personnel Action Request (PAR)

CUTOFF: EOFY in which position is filled

DESCRIPTION: Official descriptions of vacant positions, responsibilities, qualifications, and pay ranges filed with human resources for the purpose of filling vacancy. May be destroyed after conclusion of state audit if completed before end of attention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21578 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Personnel Files - Official Record

CUTOFF: Separation from employment

DESCRIPTION: Official documentation of employment history for state employees. Includes dates of hire, rehire, and reason for separation. May include, but is not limited to application, resume, MERIT testing, personnel actions, evaluations, applications for insurance and benefits, and training records. At time of cutoff, personnel files may be replaced with an approved summary card which is retained in lieu of the original file. Summary cards contain the following pertinent information condensed from the personnel file: appointments, resignations, promotions, salary, years of service, and all accumulated sick leave.

RETENTION: Years: 75 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21568 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Personnel Files - Other

CUTOFF: Separation from employment

DESCRIPTION: Operational unit copy of personnel records.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21569 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Human Resources

Agency Records Disposition Schedule
 Section:
 Sub-Section:

TITLE: Personnel Performance Planning and Appraisal Evaluations

DESCRIPTION: Records resulting from periodic assessment of employees' performance and planning for future performance.

NOTES:

SERIES #: 21577 **SERIES STATUS:** Approved

TITLE: Time and Attendance Files - Office Copy

DESCRIPTION: Records related to timekeeping including timesheets, requests for leave, requests for compensatory time, leave balance reports, etc., and are maintained by the administrative assistant or supervisor of the division where the employee works.

NOTES:

SERIES #: 21580 **SERIES STATUS:** Approved

TITLE: Time and Attendance Files -Official Record

DESCRIPTION: Records related to timekeeping and payroll including timesheets, requests for leave, requests for compensatory time, leave balance reports, etc. Frequently maintained by Human Resources section. May be destroyed after conclusion of state audit if completed before end of retention period.

NOTES:

SERIES #: 21579 **SERIES STATUS:** Approved

TITLE: Workers Compensation Claim Files

DESCRIPTION: Records of Workers Compensation and other insurance claims filed as a result of incident, accident, or injury in the workplace. Include incident files and other supporting documentation. Copies. Originals kept by the Office of Administration.

NOTES:

SERIES #: 21584 **SERIES STATUS:** Approved

CUTOFF: EOFY In which completed

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

CUTOFF: EOSFY

RETENTION: Years: 1 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

CUTOFF: EOSFY

RETENTION: Years: 3 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

CUTOFF: Resolution of claim

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Information Technology

Section:
 Sub-Section:

Agency Records Disposition Schedule

TITLE: Audit Trail Files

CUTOFF: EOSFY

DESCRIPTION: Data generated during the creation of a master file or database used to validate a master file or database during a processing cycle.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21596 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Computer Job Schedules and Reports

CUTOFF: EOSFY

DESCRIPTION: Schedules or similar records showing computer jobs to be run, and other reports by computer operators or programmers of work performed.

RETENTION: Years: 1 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21597 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Computer Operations and Maintenance

CUTOFF: LSAD

DESCRIPTION: Correspondence and related material pertaining to the office computer system, technical operation, and maintenance. Includes: schedules, console logs, computer services response time and turnaround time, system upgrade data and operational procedures.

RETENTION: Years: 2 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21598 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Computer Output

CUTOFF: EOSFY

DESCRIPTION: Machine-produced reports showing transactions that were accepted, rejected, suspended, or processed.

RETENTION: Years: 1 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21600 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Information Technology

Agency Records Disposition Schedule

Section:
 Sub-Section:

SERIES #: 21601 **SERIES STATUS:** Approved

CUTOFF: EOSFY

TITLE: Computer Utilization and Billing Reports
DESCRIPTION: Records showing computer use by each division and any charges for space or time. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

SERIES #: 21602 **SERIES STATUS:** Approved

CUTOFF: LSAD

TITLE: Data Documentation/Data Dictionary
DESCRIPTION: Records generally created during development or modification and necessary to access, retrieve, manipulate and interpret data in an automated system including data element dictionary, file layout, code book or table, and other records that explain the meaning, purpose, structure, logical relationships, and origin of the data elements.

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

SERIES #: 21603 **SERIES STATUS:** Approved

CUTOFF: LSAD

TITLE: Hardware and Software Maintenance Records
DESCRIPTION: Service/maintenance agreements for software and documentation of service, repair, and inspection of computer hardware.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007

SERIES #: 21599 **SERIES STATUS:** Approved

CUTOFF: EOIFY in which conversion successfully completed

TITLE: Operating System and Hardware Conversion Plans
DESCRIPTION: Records relating to the replacement of equipment or computer operating systems.

RETENTION: Years: 1 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Information Technology

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Program Source Code

CUTOFF: LSAD

DESCRIPTION: Automated program code which generates the machine-language instructions used to operate an automated information system.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21604 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Program Technical Documentation

CUTOFF: LSAD

DESCRIPTION: Copy of program code, flowcharts, maintenance log, system and configuration architecture, system change notices and other records that document modifications to computer programs, and operations manuals that identify and interpret the business rules used to store and manage the data.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21605 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Project Planning Records - Implemented

CUTOFF: LSAD

DESCRIPTION: Records created and used in the development, redesign, or modification of an automated system or application, including projects management records, studies, analysis, short-range plans, status reports, test plans and results, system or subsystem specifications, user requirements and specifications, and correspondence.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21606 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Project Planning Records - Not Implemented

CUTOFF: EOFY project cancelled

DESCRIPTION: Records created and used in the development, redesign, or modification of an automated system or application, including projects management records, studies, analysis, short-range plans, status reports, test plans and results, system or subsystem specifications, user requirements and specifications, and correspondence.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21607 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Agency Records Disposition Schedule

Department: General Retention Schedule
Division: Information Technology

Section:
Sub-Section:

TITLE: System Back-up Files

CUTOFF: Upon creation of back-up

DESCRIPTION: Copies of databases, application software, logs, directories, and other records needed to restore a system due to a disaster or inadvertent destruction.

RETENTION: Years: Months: Days: 28

NOTES:

DISPOSITION ACTION: Recycle

SERIES #: 21608 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: System Documentation

CUTOFF: LSAD

DESCRIPTION: User and operational guides, systems or sub-system definitions, system flowcharts, program descriptions and documentation, job control or work flow records, system specifications, input and output specifications, and documentation stating a system's purpose and objectives.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21609 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007

TITLE: System Management

CUTOFF: LSAD

DESCRIPTION: Logs, journals, reports, and other supporting paperwork required to operate, manage, and control computer systems.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21610 SERIES STATUS: Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Legal

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Administrative Hearing Records

DESCRIPTION: Records related to arbitration, equal employment opportunity complaints, administrative hearings, and resolution of complaints. Copies. Originals retained by Administrative Hearing Commission.

NOTES:

SERIES #: 21595 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

CUTOFF: Resolution or dismissal

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

TITLE: Agency Counsel Legal Opinions

DESCRIPTION: Documentation of agency's role in the process to develop, request, respond to, or present opinions on legal matters directly related to agency programs or functions generated by in-house counsel or retained legal counsel. Copy will be sent to the Missouri State Archives.

NOTES:

SERIES #: 21598 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

CUTOFF: WSO

RETENTION: Years: Months: Days:

DISPOSITION ACTION: Permanent

TITLE: Attorney General Legal Opinions

DESCRIPTION: Legal document prepared by the Attorney General of Missouri. Copies. Originals in Attorney General's office.

NOTES:

SERIES #: 21597 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

CUTOFF: Completion of incident or trial related to opinions

RETENTION: Years: 5 Months: 0 Days: 0

DISPOSITION ACTION: Destroy

TITLE: Bids - Awarded

DESCRIPTION: Records related to contracted proposals for state-funded projects or purchases.

NOTES:

SERIES #: 21592 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

CUTOFF: Completion of contract

RETENTION: Years: 10 Months: 0 Days: 0

DISPOSITION ACTION: Destroy



Department: General Retention Schedule
 Division: Legal

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Bids - Rejected

CUTOFF: EOFY in which contract is awarded

DESCRIPTION: Records related to contractors' rejected proposals for state-funded projects or purchases.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21593 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Contracts - Financial

CUTOFF: Completion of contract

DESCRIPTION: Written obligations agreed to by the state and involves money, real estate, or deeds, per RSMo 16.110.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21590 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Contracts - Non-financial

CUTOFF: Completion of contract

DESCRIPTION: Written obligations agreed to by the state that are not covered under RSMo 516.110. The specified retention period is based on RSMo 516.120.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21591 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Legal Files

CUTOFF: EOFY in which project completed

DESCRIPTION: Papers arising through the preparation of legal opinions and in the course of litigation or other legal proceedings by agency counsel or retained legal counsel.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES: **DISPOSITION ACTION:** Destroy

SERIES #: 21589 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
Division: Legal

Agency Records Disposition Schedule
Section:
Sub-Section:

TITLE: Memoranda of Understanding or Agreement

CUTOFF: Expiration of Memorandum of Understanding

DESCRIPTION: Legal documents representing understandings between different offices of state government with other state offices, federal offices, or other entities.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21594

SERIES STATUS: Approved

APPROVAL DATE:

08/02/2007



Department: General Retention Schedule
 Division: Property and Facilities

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Blueprints of State Owned Buildings

CUTOFF: Transfer of ownership or demolition of building

DESCRIPTION: Design plans for a building owned by the state. Plans include original specifications, any new construction or modification of the building, and any capital improvements. Copies. Original blueprints maintained by Office of Administration per RSMo 8.340.

RETENTION: Years: 5 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Transfer to Missouri State Archives

SERIES #: 21567 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Equipment and Vehicle Use Records

CUTOFF: EOFY in which vehicle or equipment is surplus
 or destroyed

DESCRIPTION: Documentation of use of state owned equipment and vehicles. Use is measured in equipment hours, mileage, or clock hours. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21562 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Equipment Inventory

CUTOFF: WSO

DESCRIPTION: Listing of the agency's fixed assets, including but not limited to computers, furniture, or specialized equipment. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21563 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Equipment Maintenance and Repair Records

CUTOFF: EOFY in which equipment is surplus
 or destroyed

DESCRIPTION: Documentation of maintenance and repair on state owned or leased equipment performed in-house by the state or performed by an outside contractor. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21565 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007



Department: General Retention Schedule
 Division: Property and Facilities

Agency Records Disposition Schedule

Section:
 Sub-Section:

TITLE: Equipment Maintenance Contracts

CUTOFF: EOFY in which maintenance agreement expires

DESCRIPTION: Agreement reached between a vendor and the agency on maintenance services to be performed over a defined period of time. Includes amendments, extensions, and related correspondence.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21561 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Excess and Surplus Property Report

CUTOFF: EOSFY

DESCRIPTION: Documentation of excess and surplus property transferred to Surplus Property for disposal. May be destroyed after conclusion of state audit if completed before end of retention period.

RETENTION: Years: 3 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21564 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Lease and Rental Agreements

CUTOFF: EOFY in which lease expires

DESCRIPTION: Signed lease agreements for buildings or land, including amendments, extensions, and related correspondence.

RETENTION: Years: 10 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 21566 **SERIES STATUS:** Approved

APPROVAL DATE: 08/02/2007

TITLE: Material Safety Data Sheets

CUTOFF: WSO

DESCRIPTION: Material Safety Data Sheets for all chemicals used within an agency

RETENTION: Years: 0 Months: 0 Days: 0

NOTES:

DISPOSITION ACTION: Destroy

SERIES #: 23144 **SERIES STATUS:** Pending

APPROVAL DATE:

RECORDS RETENTION SCHEDULE WITH DESCRIPTIONS
INFORMATION TECHNOLOGY DEPARTMENT
RECORDS MANAGEMENT

RECORD
CONTROL
NUMBER

RECORD TITLE/DESCRIPTION/AND RETENTION

14 (AOC) ASSOCIATIONS

140201 MEETING MINUTES
This series contains meeting minutes.

Retention: Permanent.

Disposition: Transfer to the State Archives when no longer needed by agency.

80 (SPS) PROGRAMS, PROJECTS, AND SERVICES

800301 UNSUCCESSFUL CANDIDATES
This series contains application material and exam scores.

Retention: 3 years after last attempt.

Disposition: Dispose by landfill.

800302 REGISTRATION FORMS
This series contains CPA, LPA, firm, and education forms.

Retention: 3 years after current fiscal year.

Disposition: Dispose by landfill.

800304 LPA LICENSE FILES
This series contains a file for each, containing initial admission-type material, subsequent correspondence.

Retention: Permanent.

800305 LPA CERTIFICATES ISSUED
This series contains LPA certificates issued (binder).

Retention: Permanent.

- 800306 CPA LICENSE FILES
This series contains a file for each, containing admission-type material, and subsequent correspondence.
- Retention:** Permanent.
- 800307 CPA APPLICATIONS
This series contains exam applications (including reciprocals and grade transfers) and related materials. When applicants quit trying they become “unsuccessful” candidates (see 80 03 01), if successful they become a “licensee” (see 80 03 06). When a reciprocal application is approved, they become a licensee. When a grade transfer is approved they become either a licensee or an exam applicant file.
- Retention:** While active.
- Disposition:** Transfer to Unsuccessful Candidates (80 03 01) or CPA License File (80 03 06).
- 800308 CPA EXAM – AUTHORIZATIONS TO TEST
This series contains test writing request details (an electronic file).
- Retention:** 2 years after the current fiscal year.
- Disposition:** Dispose paper format by transferring the Authorizations to Test information from paper to electronic format (discard paper immediately) and remaining information by transferring to 800313, per program requirements. Dispose electronic format by purging.
- 800309 CPA CERTIFICATES ISSUED
This series contains CPA certificates issued (binder).
- Retention:** Permanent.
- 800310 FIRM FILES
This series contains accountant reports, peer review documents, letters, etc.
- Retention:** Retain in office until conditions are met (i.e. retain until reviewer report is prepared, retain material regarding problem until resolved, etc.),
- Disposition:** Dispose by landfill.

800313 CPA EXAM FILES - SUPPLEMENTAL MATERIALS
This series contains NASBA scores, and AICPA scores.

Retention: 10 years.

Disposition: Dispose by landfill.

800314 FIRM FILES - SUMMARY REPORTS
This series contains summary reports of findings and requirements.

Retention: Current year plus 10 years.

Disposition: Dispose by landfill.

800316 COMPLAINTS
This series contains correspondence, etc. related to a complaint.

Retention: 10 years after closure.

Disposition: Dispose by landfill. Also purge activity log at that time (from computer).

RECORDS RETENTION SCHEDULE WITH DESCRIPTIONS
INFORMATION TECHNOLOGY DEPARTMENT
RECORDS MANAGEMENT

RECORD
CONTROL
NUMBER

RECORD TITLE/DESCRIPTION/AND RETENTION

01 (ACT) ACCOUNTING

010201 AUDIT REPORTS

Description: This series contains the financial and/or performance audit reports from the State Auditor's Office or private accounting firms.

Retention: Current report plus one previous audit report.

Disposition: Dispose by landfill. * The Auditor's Office will transfer the original audit reports to the State Archives.

010301 TRAVEL REQUESTS/AUTHORIZATIONS

Description: This series contains requests and approvals or authorizations for employee travel. Does not include travel vouchers or any accounting-related documentation.

Retention: Three years.

Disposition: Dispose by landfill.

010401 BUDGETS

Description: This series contains information related to the preparation and submission of the agency budget.

Retention: Current biennium plus two previous bienniums.

Disposition: Dispose by landfill. * OMB will transfer OMB and agency budget files to the State Archives.

010402 EMERGENCY COMMISSION REQUEST

Description: This series contains requests from the agency to the Emergency Commission for additional money for their budget.

Retention: Three years after the current fiscal year.

Disposition: Dispose by landfill.

- 010601 **BANK STATEMENTS/DEPOSIT RECORDS**
Description: This series contains bank statements, deposit records, and canceled checks for accounts maintained by the department, including deposit receipts for the Treasurer's Office.

Retention: Three years after the current fiscal year.

Disposition: Dispose by shredding.

Authority: NDCC 44-04-18.9
- 011001 **TAX REPORTING DOCUMENTATION**
Description: This series contains documents used for tax-reporting purposes, including 1099s for services rendered at the agency by independent contractors and other non-employees, 1098s for interest earned, etc.

Retention: Thirteen years.

Disposition: Dispose by shredding.

Authority: NDCC 44-04-28, 26 USC 6501, and 26 USC 6502
- 011002 **YEAR-END CLOSING PACKAGES**
Description: This series contains year-end closing package and associated reports, schedules, working papers, and supporting documents as related to the Comprehensive Annual Financial Reports (CAFR) prepared by the Office of Management and Budget.

Retention: Current biennium plus one previous biennium.

Disposition: Dispose by landfill.
- 011201 **FIXED ASSET INVENTORY**
Description: This series contains an inventory of all fixed assets for the department.

Retention: Until updated.

Disposition: Dispose by landfill and/or delete all information and backups.

- 011202 **SURPLUS PROPERTY**
Description: This series contains information on property sold or purchased by the department through Surplus Property.

Retention: Three years after the current fiscal year.

Disposition: Dispose by landfill.
- 011203 **END OF FISCAL YEAR FIXED ASSET INVENTORY**
Description: This series contains the June 30 inventory of all fixed assets for the department.

Retention: Three years after the current fiscal year.

Disposition: Dispose by landfill and/or delete all information and backups.
- 011301 **LEDGERS/JOURNAL**
Description: This series contains journal vouchers and general ledger documentation of the department.

Retention: Three years after the current fiscal year.

Disposition: Dispose by landfill and/or delete all information and backups.
- 011501 **PURCHASE ORDERS/REQUISITIONS**
Description: This series contains purchase orders, requisitions, documentation from purchases through an Informal Bid Process, and supporting documentation, i.e. vendor invoices, check stubs, etc. issued by the department for goods or services.

Retention: Six years.

Disposition: Dispose by landfill and/or delete all information and backups.
- 011502 **ACCOUNTS PAYABLE**
Description: This series contains payment vouchers, travel expense vouchers, abstracts for payment, claims for payment, vendor invoices, reports, and other supporting documents pertaining to disbursement of funds for department expenditures.

Retention: Three years after the current fiscal year.

Disposition: Dispose by landfill.

- 011503 **WORKERS COMPENSATION**
Description: This series contains certificate of premium paid, rate change statements, instructions, and application for workers compensation insurance, and any other documentation or reports associated with participation in Workers Compensation program.
Retention: Three years after the current fiscal year.
Disposition: Dispose by landfill.
- 011504 **PURCHASE ORDERS ISSUED FROM A CONTRACT**
Description: This series contains purchase orders issued from a contract or formal bid process signed by the department or the State Procurement Office for goods or services.
Retention: Life of the contract plus six years.
Disposition: Dispose by landfill and/or delete all information and backups.
- 011505 **PURCHASING CARD RECORDS**
Description: This series contains the purchase card report, statement, and other information related to purchasing cards used by the agency.
Retention: Three years after the current fiscal year.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.9
- 011601 **PAYROLL RECORDS**
Description: This series contains records and reports that summarize payroll information for the agency.
Retention: Five years.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.1

- 011602 **EMPLOYEE PAYROLL FILES**
Description: This series contains records relating to payroll information of an individual employee, for example, deduction forms, insurance forms, benefit forms, tax forms, etc.
Retention: Six years after last action.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.1
- 011801 **RECEIPT BOOKS/REMITTANCE LISTS**
Description: This series contains records related to the receipt or payment of cash.
Retention: Three years after the current fiscal year.
Disposition: Dispose by landfill.
- 011802 **ACCOUNTS RECEIVABLE**
Description: This series contains accounting records, summaries, listings, reports, and ledgers related to the collection of revenue for the department.
Retention: Three years after the current fiscal year.
Disposition: Dispose by landfill.
- 012101 **INTERDEPARTMENTAL BILLINGS**
Description: This series contains the information used when state offices bill another state office (transfer of funds between state agencies), including supporting documentation.
Retention: Three years after the current fiscal year.
Disposition: Dispose by landfill.
- 10 (AS)** **AGENCY STATE**
- 100101 **STATE AGENCY CORRESPONDENCE**
Description: This series contains correspondence with other North Dakota state agencies.
Retention: Two years.
Disposition: Dispose by landfill. * The correspondence from the Governor and directors of all state agencies must be transferred to the State Archives.

18 (CR) CIVIL RIGHTS

180401 EQUAL EMPLOYMENT OPPORTUNITY COMMISSION COMPLIANCE RECORDS (EEOC)

Description: This series contains documents related to the agency's compliance with the U.S. Equal Employment Opportunity Commission regulations. Records may include, but are not limited to, EEO-4 reports, workplace analysis and reviews, and action plans.

Retention: Four years.

Disposition: Dispose by landfill.

26 (COM) COMMUNICATIONS

260101 NEWSLETTERS/PUBLICATIONS

Description: This series contains newsletters, brochures, or other publications prepared by the department for general public distribution.

Retention: While active.

Disposition: Dispose by landfill. * State agencies are required to send 8 copies of these state publications to the State Library.

Authority: NDCC 54-24-09

260102 NEWSLETTERS/PUBLICATIONS (INTERNAL DISTRIBUTION)

Description: This series contains newsletters, brochures, and publications created by the department for distribution within the agency or state government only.

Retention: While active.

Disposition: Transfer to the State Archives.

260201 HISTORICAL AUDIO/VISUAL MATERIALS

Description: This series contains photographs and/or footage of historical events, employees, or activities of the department.

Retention: While active.

Disposition: Transfer to the State Archives. ** Employee photographs are exempt from the Open Records Law (NDCC 44-04-18.1(2)).

- 260501 **SPEECHES**
Description: This series contains speeches prepared and presented by employees of the department.
Retention: While active.
Disposition: Transfer to the State Archives.
- 260601 **PRESS RELEASES**
Description: This series contains press releases created and distributed by the department.
Retention: Current year plus three previous years.
Disposition: Transfer to the State Archives.
- 30 (C/L/A) CONTRACTS/LEASES/AGREEMENTS**
- 300101 **CONTRACTS, LEASES, AGREEMENTS, AND COMPETITIVE SOLICITATIONS**
Description: This series contains contracts, leases, agreements, and competitive solicitations entered into by the department. Includes all back-up and closeout materials for the contract, lease, agreement, or awarded solicitation response.
Retention: Life of the contract plus six years.
Disposition: Dispose by landfill.
- 300102 **CONTRACTS, LEASES, AGREEMENTS, AND COMPETITIVE SOLICITATIONS NOT EXECUTED**
Description: This series contains contracts, leases, agreements, purchase orders, and competitive solicitations which are not selected or cancelled prior to the letting of the contract, signing the lease or agreement, or issuing the purchase order.
Retention: Three years.
Disposition: Dispose by landfill.
- 300601 **EMPLOYEE BONDS**
Description: This series contains employee bonds for employees of the department.
Retention: Three years after expired.
Disposition: Dispose by landfill.

43 (EQ) EQUIPMENT

430101 EQUIPMENT FILES

Description: This series contains all information related to equipment and office furniture owned or leased by the agency.

Retention: Life of the equipment plus three years.

Disposition: Dispose by landfill. Any manuals for the equipment can be disposed or transferred with the equipment.

44 (FM) FORMS MANAGEMENT

440101 FORMS MASTERS

Description: This series contains the originals for state forms for the department.

Retention: Until updated.

Disposition: Dispose by landfill.

45 (GC) GENERAL CORRESPONDENCE

450101 GENERAL CORRESPONDENCE

Description: This series contains correspondence received from outside the agency that does not relate to a specific program of the agency or any federal or state agency.

Retention: One year.

Disposition: Dispose by landfill. * The Governor's Office must transfer their correspondence to the State Archives.

450102 ELECTRONIC COMMUNICATION RECORDS

Description: This series contains e-mail messages, voicemail messages, recorded telephone conversations, instant messages, etc. created or received by employees of the department.

Retention: Determine the record status of the message based on the content. If the message is a record that documents official business of the department, the record must be retained for the appropriate retention period defined on either the ND General Records Retention Schedule or your department's records retention schedules. Dispose of records with transitory value after action is taken.

Disposition: Delete all information and backups.

- 450104 **OPEN RECORDS REQUESTS**
Description: This series contains open records requests, correspondence, and supporting documentation.
Retention: Two years.
Disposition: Dispose by landfill.
- 47 (INS) **INSURANCE OR BONDS**
- 470101 **INSURANCE POLICIES**
Description: This series contains information relating to insurance carried by the department.
Retention: Permanent.
- 470201 **INSURANCE POLICY BACKUP INFORMATION**
Description: This series contains bids, correspondence, and any other information related to obtaining and administering the policy.
Retention: Life of the policy plus six years.
Disposition: Dispose by landfill.
- 470301 **INSURANCE POLICY CLAIMS**
Description: This series contains information regarding claims filed on an insurance policy.
Retention: Retain in office until after settlement plus six years OR 1 year after maturity (age 18) is reached, if a juvenile is involved.
Disposition: Dispose by landfill.
- 470302 **WORKERS COMPENSATION CLAIMS**
Description: This series contains correspondence and copies of employee claims for Workers Compensation benefits.
Retention: Four years.
Disposition: Dispose by shredding. *Claims are available at Workforce Safety and Insurance permanently.
Authority: NDCC 65-05-32

- 470401 NOTARY PUBLIC DOCUMENTATION
Description: This series contains the application and certificate for notary publics in the department.
Retention: One year after expiration of commission.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.1(4)
- 50 (LG) LEGAL
- 500101 ADMINISTRATIVE CODE/RULES
Description: This series contains documentation of the procedure followed to promulgate all North Dakota Administrative Rules for the department. Includes correspondence, notice of public hearings, working papers, comments, etc.
Retention: Ten years.
Disposition: Dispose by landfill. * The Attorney General's Office will transfer records for all agencies to the State Archives.
- 500401 LITIGATION FILES
Description: This series contains the official litigation file with any orders, pleadings, correspondence, and discovery related to litigation. Internal memos, notes, research, and duplicate copies may also be a part of the record series, but shall be disposed by landfill when the file is closed.
Retention: Six years after the case is closed.
Disposition: Litigation with significant value must be transferred to the State Archives. Significant litigation is determined by 1) the fiscal impact of the litigation, 2) the precedential value of the litigation, and 3) the public policy of the litigation. Physical evidence should be removed from the case file before transferring to the State Archives.
- 500501 ATTORNEY GENERAL OPINIONS
Description: This series contains copies of correspondence requesting an opinion and a copy of the opinion from the Attorney General's Office.
Retention: Until obsolete or updated.
Disposition: Dispose by landfill. *Attorney General's Office will transfer original to the State Archives.

- 500701 EXECUTIVE ORDERS AND PROCLAMATIONS
Description: This series contains executive orders and proclamations from the Governor's Office.
Retention: Until obsolete or updated.
Disposition: Dispose by landfill. *Governor's Office will transfer original to the State Archives.
- 55 (LEG) LEGISLATION
- 550201 LEGISLATION
Description: This series contains information on what is proposed or enacted into state law for the department. This includes amendments, original testimony, fiscal notes, and interim legislative committee information, initiatives, referendums, laws, requirements, and regulations.
Retention: Current legislative session plus two previous sessions.
Disposition: Transfer to the State Archives.
- 60 (PER) PERSONNEL
- 600201 HIRING PROCESS/RECRUITMENT RECORDS
Description: This series contains the job announcements, employment applications, resumes, and other records related to the selection/hiring/recruitment of employees. These records are for individuals that are not hired or selected.
Retention: Six years after the selection process is completed.
Disposition: Dispose by shredding if Social Security Number is included.
Authority: NDCC 44-04-28
- 600601 EMPLOYEE FILES
Description: This series contains all information related to individual employees of the department, including application, training information, performance appraisals/evaluations, and correspondence.
Retention: Six years after last action.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.1

- 600602 EMPLOYEE MEDICAL FILES
Description: This series contains all medical information related to an employee of the department, including correspondence, medical tests and evaluations, Employee Assistance Program records, and Workers Compensation records.
Retention: Six years after last action.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.1
- 600701 LEAVE RECORDS
Description: This series contains time cards, leave reports, and any other records related to leave requested/taken by employees.
Retention: Six years.
Disposition: Dispose by landfill.
- 600901 JOB DESCRIPTIONS
Description: This series contains job descriptions for positions in the department.
Retention: Six years after updated.
Disposition: Dispose by landfill.
- 600902 POSITION INFORMATION QUESTIONNAIRES (PIQ) AND RECLASSIFICATION REQUESTS
Description: This series contains the position information questionnaires and classification/reclassification request forms submitted to Human Resource Management Services (HRMS) for positions in the department.
State Form Numbers: SFN 2572 and SFN 2584
Retention: Six years after updated.
Disposition: Dispose by shredding if Social Security Number is included. HRMS retains the record for ten years.
Authority: NDCC 44-04-18.1 and NDCC 44-04-28

- 601001 **EMPLOYEE ASSISTANCE PROGRAM RECORDS**
Description: This series contains information related to the administration of the Employees Assistance Program, including utilization reports.
Retention: Three years.
Disposition: Dispose by shredding.
Authority: NDCC 44-04-18.1
- 601502 **BACKGROUND CHECKS/INVESTIGATIONS**
Description: This series contains any correspondence and the results of background investigations for current or potential employees in the department.
Retention: Six years.
Disposition: Dispose by shredding.
Authority: NDCC 12-60-16.6
- 65 (P/P) POLICIES/PROCEDURES**
- 650301 **INFORMATION TECHNOLOGY PLANS**
Description: This series contains the agency's Information Technology Plan required by HB 1034. These plans are submitted to the Information Technology Department.
Retention: Current plan and one previous plan.
Disposition: Dispose by landfill. * The Information Technology Department will transfer to the State Archives.
- 650302 **ORGANIZATIONAL CHARTS**
Description: This series contains chart showing the organizational structure of the divisions, positions, and/or personnel of the department.
Retention: Three years after updated.
Disposition: Transfer to the State Archives.

- 650303 **CONTINUUM OF OPERATIONS PLANS/DISASTER RECOVERY PLANS**
Description: This series contains Continuum of Operations Plans (COOP) and Disaster Recovery Plans for state agencies and divisions.
- Retention:** Until updated.
- Disposition:** Dispose by shredding.
- Authority:** NDCC 44-04-27
- 650401 **RECORDS RETENTION SCHEDULES**
Description: This series contains retention schedules for the records of the agency.
- Retention:** Until updated.
- Disposition:** Dispose by landfill.
- 72 (REF) REFERENCE**
- 720101 **REFERENCE MATERIAL**
Description: This series contains all information collected and used for reference purposes only.
- Retention:** Until updated or obsolete.
- Disposition:** Dispose by landfill.
- 75 (SA) SAFETY/SECURITY**
- 750401 **SAFETY/SECURITY PLANS**
Description: This series contains any records pertaining to the safety or security of the building, personnel, and other resources.
- Retention:** Until updated.
- Disposition:** Dispose by shredding.
- Authority:** NDCC 44-04-24

750402

RISK MANAGEMENT PROGRAM RECORDS

Description: This series contains records related to participation in the Risk Management program, including incident reports, safety inspections, training records, Risk Management Fund Loss Summary Reports, minutes from Loss Control Committee or other related meetings, and other reports related to the program.

Retention: Three years after the current fiscal year.

Disposition: Dispose of by landfill. Tapes of the Executive portion of the Loss Control Committee meetings are confidential. Pending claims are confidential.

Authority: NDCC 32-12.2-11

80 (SPS)

PROGRAMS, PROJECTS, AND SERVICES

801201

PROJECT DOCUMENTATION

Description: This series contains all the records stored in the project repository. These could include historical documents such as business cases as well as any charters, plans, schedules, and reports. It may also include other products of project management such as meeting minutes, scope changes, deliverables/project acceptance, risk logs, issue logs, quality-related documents, budgets, variance reports, recovery plans, schedules, project status reports, copies of RFI/RFP and contracts (including all attachments/addendums), and relevant e-mail communications.

Retention: Three years after project is completed.

Disposition: Transfer to the State Archives.

85 (S/D)

STAFF/DIVISION/UNIT

850601

EMPLOYEE CALENDARS

Description: This series contains employee calendars of meetings and appointments for their position.

Retention: Thirteen months.

Disposition: Dispose by landfill and/or delete all information and backups.

90 (S/S/R) SURVEY/STUDY/REPORT

900201 BIENNIAL REPORTS

Description: This series contains state agencies' biennial reports covering their operations for the two preceding fiscal years. The reports are submitted to the Governor and Secretary of State.

Retention: Current biennium plus one previous biennium.

Disposition: Dispose by landfill. * The Secretary of State will transfer the record to the State Archives.

97 (VI) VENDOR INFORMATION

970101 VENDOR INFORMATION

Description: This series contains correspondence, brochures, and product information from vendors for products not owned or leased by the department.

Retention: Until updated or obsolete.

Disposition: Dispose by landfill.

NOTES

1. Copies of original record series may be disposed any time before the primary or official record, but must not be maintained any longer than the specified retention period of the original record.
2. If a record contains both open and closed or confidential information, the portions that are not open must be removed prior to disclosing information for an Open Records Request, i.e. Social Security Number.

SD CPA Society Discussion

The SD CPA Society will be attending the Board meeting and the following will be the discussion items:

1. IRS Tax Preparers Registration
 - a. Board's view
 - b. IRS requiring 2 hours of ethics for registered preparers
2. CPE Ethics
 - a. Is the Board going to require ethics in the future?
 - b. Joint venture with the SD CPA Society to host courses?
3. Recap of the prior days Educators Conference
 - a. 120 v. 150
 - b. New CPA Exam
 - c. Private Company Financial Reporting
 - d. Views on IFRS
4. IFRS
 - a. On the CPA Exam
 - b. Compliance and reference in rules
5. Mobility
 - a. Reflection of how it is going
 - b. Any pending issues so far?
6. Future Licensing Fees
 - a. Changes to fees due to mobility
7. Peer Review
 - a. Future submission requirements (Facilitated State Board Access)
 - b. Reviewer Database
8. Support Board to increase number of members to 7
9. Future changes to SDCL 36-20B

National Association of State Boards of Accountancy, Inc.

Meeting of the Board of Directors April 23, 2010 – Silverado Resort – Napa, CA

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 Billy Atkinson at 9:03 a.m. on Friday, April 23, 2010 at the Silverado Resort in Napa, California.

2. Report of Attendance

President David Costello reported the following were present:

Officers

Billy M. Atkinson, CPA (TX), Chair
Michael T. Daggett, CPA (AZ), Vice Chair
Thomas J. Sadler, CPA (WA), Past Chair
Leonard R. Sanchez, CPA (NM), Treasurer, Director-at-Large
Gaylen R. Hansen, CPA (CO), Secretary, Director-at-Large

Directors-at-Large

Walter C. Davenport, CPA (NC)
Sally Flowers (CA)
Mark P. Harris, CPA (LA)
Richard Isserman, CPA (NY)
Carlos E. Johnson, CPA (OK)
Theodore W. Long, Jr., CPA (OH)
Kathleen J. Smith, CPA, Esq. (NE)

Regional Directors

Donald H. Burkett, CPA (SC), Middle Atlantic
Claireen L. Herting, CPA, Esq. (IL), Great Lakes
Telford A. Lodden, CPA (IA), Central
Kenneth R. Odom, CPA (AL), Southeast
Harry O. Parsons, CPA (NV), Mountain
Laurie J. Tish, CPA (WA), Pacific
Michael Weinshel, CPA (CT), Northeast

Executive Directors' Liaison

Daniel Sweetwood (NE)

Staff

David A. Costello, CPA, President and Chief Executive Officer

Joseph T. Cote, CPA, Executive Vice President
Ken L. Bishop, Senior Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Chief Financial Officer
Louise Dratler Haberman, Director - Information and Research
Thomas G. Kenny, Director – Communications
Noel L. Allen, Esq., Legal Counsel

Member Absent

David Duree, CPA (TX), Southwest Regional Directors

3. Approval of Minutes

NASBA Secretary Hansen presented the minutes of the January 2010 meeting. On a motion by Ms. Smith, seconded by Mr. Sanchez, the minutes of the January NASBA Board of Directors' meeting were approved as submitted.

4. Chair's Report

Chair Atkinson reported the CPA Examination contract with AICPA and Prometric had been signed on March 4, 2010. The agreement now extends to 2024 with good protection for all parties. The agreement on the international administration of the Uniform CPA Examination is expected to be signed in the fall of 2010 and implemented in the fall of 2011.

He briefly described the initial meeting on April 12 of the Blue Ribbon Panel (BRP) on Private Company Standard Setting, of which he is a member. The Webcast of the meeting has been archived on the FAF site. The next meeting is scheduled for May 14. In preparation for each of the BRP meetings, Chair Atkinson is holding conference calls with the NASBA Regulatory Response Committee and the Ethics and Strategic Professional Issues Committee and interested Board members.

The American Accounting Association has formed its Pathways Commission to perform a comprehensive study of accounting education, which has not been done since the late 60's. The Commission will be chaired by Bruce Behn of the University of Tennessee, and will include Melvin Stith of Syracuse University, Jerry Strawser of Texas A&M and AICPA Past Chairs Bill Ezzell and Leslie Murphy.

In preparation for the June Regional Meetings, the Committee on State Board Relevance and the Committee on Ethics and Strategic Professional Issues are developing white papers for discussion with the member boards. Chair Atkinson said he had met with representatives of the Society Executives Association of CPAs in Nashville and they were very supportive of the semi-independent state board proposal. NASBA leaders had also met with AICPA leaders in Palm Beach, FL, on February 12. On February 14 he and NASBA Director-at-Large Mark Harris had attended a meeting of the Accounting Program Leadership Group of the American Accounting Association. Chair Atkinson is scheduled to address the Baker Tilley partners meeting on May 7 and then the Oregon Board of Accountancy in late June. In addition, he spoke to the Houston Chapter of the Texas Society of CPAs and the Accounting Lyceum at the University of Illinois in Champaign.

5. President's Report

President Costello announced that Colorado had adopted the 150-hour education requirement and is now substantially equivalent with other states, and he noted Director-at-Large Hansen's efforts in bringing this about. Mr. Costello also extended best wishes to NASBA Communications Director Thomas Kenny on his marriage, and sympathy to his family on the death of his cancer-stricken mother just days after the wedding.

NASBA's increasing visibility has become evident both nationally and internationally, President Costello noted, as it is now a co-sponsor of the BRP with the Financial Accounting Foundation and the AICPA. He also reported that on the invitation of the Chinese Institute of CPAs he would be travelling to China with NASBA/AICPA International Qualifications Appraisal Board Chair William Treacy and NASBA Director of Governmental, International and Professional Relations Linda Biek to set up a regulators conference in Asia.

He called on Executive Vice President Cote who reported 26 states are now fully participating in the Accountancy Licensee Database, including California, New York and Texas, and another 20 states are getting ready to do the same.

Over 2000 individuals have subscribed to the Accountancy Licensing Library since its launch, Mr. Cote reported, with ten firms purchasing subscriptions. In June, NASBA will launch "Calibrate," for on-line career management. Previously called "CPETracking," the service has been retooled to be more user friendly, he explained.

President Costello reported the Meetings Division, now called "Accentuate," has responded to requests for meetings help from State Boards in Oklahoma, Nebraska, Nevada and Texas.

Although President Costello said he thought the CPE Expo was a great idea; it had been launched at a time when the economy was against it. So although a Boston conference had been planned for 2010, those plans were abandoned, President Costello reported, but he suggested the program could resurface in the future.

March 1-2 the NASBA Staff Directors retreat was held in Nashville. Mr. Cote said the meeting focused on how each person is responsible for the success of the organization. There was also discussion of improving employee performance and the need to document evaluations.

March 10th will be the next "Sunshine Day" in NASBA – which allows employees in different departments to have time to intermingle. These days are always a surprise, but the next one will be held soon, Mr. Costello said.

President Costello announced that Denise Hanley had been appointed by Professional Credential Services to be the new PCS president. Mr. Costello said Ms. Hanley was "a natural choice and will do a great job."

"I have never loved a job as much as I have loved this one," President Costello stated as he said he would be retiring as NASBA President and CEO on January 1, 2012. He expects to work with his replacement for 7-9 months to ensure a smooth transition. He told the Board he would "be sure the work of NASBA gets done." On a vote from Mr. Johnson, seconded by Mr.

Parsons, the Board then went into executive session to discuss the proposed Selection Committee process.

6. President/CEO Selection Process

On a vote from Mr. Burkett, seconded by Mr. Sanchez, the Board came out of Executive Session. Mr. Weinshel moved to approve the proposed Selection Committee process, as amended during the Executive Session. Ms. Herting seconded. These changes included naming the group the "Selection Advisory Committee" (SAC) and including three additional members to SAC so that all Regions are represented. All approved the process as amended.

Chair Atkinson read the press release about President Costello's retirement that will be distributed via the wire service. Within a week, Chair Atkinson expects to have named all the members of the SAC subject to the Executive Committee's approval, as agreed by the Board.

7. Report of the Administration and Finance Committee

Treasurer Sanchez and CFO Bryant presented a report on the financial results of the six months ended January 31, 2010 reporting that increased revenue from CPA Examination-related activities and Compliance Services, combined with positive expense variances from budget, have essentially offset the negative financial impact of the 2009 CPE Expo. They also reported that investment income is expected to be higher than budget due to the improving market conditions over the previous year's. In summary, a net excess of close to \$2 million was projected for the fiscal year.

CFO Bryant reported that the Investment Committee, an A&F subcommittee, had met the previous Wednesday with NASBA's investment adviser, Jim Meek. The following day, Mr. Meek addressed the full A&F Committee, giving a short presentation and answering the full committee's questions.

At the Board meeting, Mr. Bryant elaborated on Investment Committee responsibilities and accomplishments, and gave an overview of risk management at NASBA.

8. Report of the Nominating Committee

Nominating Committee Chair Sadler reported the Committee had met on March 8 in Nashville and selected Mark Harris as their nominee for Vice Chair 2010-2011. Recommendations for other Board posts are to be sent to the Committee by June 1. The Committee will next meet on June 25 in Seattle.

9. Report from the Vice Chair

Vice Chair Daggett reported he had been attending committee meetings and participating in conference calls. He said he had been impressed by the positive attitude he saw at the

Executive Directors' Conference in March, when there were no negative comments about NASBA leadership. Mr. Daggett is a member of the UAA Committee's Misleading Firm Name Task Force and he believes that group will be able to resolve that complex issue. He will hold his planning meeting for the 2011-12 NASBA committees in May. To prepare for that meeting, he asked all current committee chairs to send him their assessment of their committee members.

10. Report on Examination Review Board Restructuring

President Costello presented a report on the restructuring of the Examination Review Board with two suggested paths for accomplishing this. Rather than the current 12 volunteer members of the ERB, the restructured ERB would have five volunteer members who would oversee the examination audit and three NASBA staff members assigned to work on the audits. Chair Atkinson is to meet with the ERB on April 29 and 30 to review the new approach.

Mr. Odom moved to adopt the restructuring plan for the ERB taking a "bite the bullet" approach. Mr. Burkett seconded. All approved.

On a motion by Mr. Odom, seconded by Mr. Long, the ERB year was moved to correspond with the NASBA year.

11. Report on Examination Contracts

Senior Vice President Bishop reported that, as stated in the extension of the examination contract, NASBA will very soon appoint a majority of the membership of the Board of Examiners (BOE). He will confer with AICPA Vice President Craig Mills to determine which of the current BOE members are to be replaced with State Board representatives nominated by NASBA. NASBA will be reimbursing its representatives and will participate in the BOE's budgeting process. A new escrow agreement is being worked on, Mr. Bishop stated.

A contract with the AICPA and Prometric for the administration of the Uniform CPA Examination outside of the United States is expected to be signed in the early fall, Mr. Bishop said. He is meeting with the AICPA's Arlene Thomas and Prometric's Mark Muth. A unique risk analysis is being performed to make sure all gaps are covered, with each party being responsible for their own insurance to cover those gaps. The costing strategies are being reconsidered in light of the risk analysis, with the contract being amended if necessary. The launch of the Examination's international administration is now expected a year later than originally anticipated, as some of the AICPA staff involved are also working on the launch of CBTe in January 2011.

12. Report of the Bylaws Committee

Bylaws Committee Chair Herting reviewed the Bylaws changes being proposed by the Bylaws Committee. The first three were passed at the January 2010 Board meeting. Article VI was clarified to indicate the Business Meeting is being referenced and Article VII Section 3 clarifies when a person must be off the Nominating Committee to be eligible to run for office. Mr. Allen explained that deletion being proposed clarifies that an individual cannot serve more than two complete terms plus an unexpired term. The motion to bring the proposed Bylaws changes to the members Boards for vote at the Annual Meeting was carried.

A suggestion had been made to Ms. Herting by a State Board member that the Regional Directors' terms be expanded to two years per term. Ms. Smith pointed out there is a funnel issue with several good Regional Directors and Directors-at-Large coming up for appointment to the three Director-at-Large slots at the same time. This year seven current Board members are up for three spots, she noted. Chair Atkinson suggested that both these issues be considered by the Nominating Committee as long-term projects, not for consideration at the 2010 Annual Meeting. Ms. Smith also suggested that the Nominating Committee schedule its meeting to select their candidate for NASBA Vice Chair after April 15th.

Ms. Herting said she had received a suggestion that the proposed Bylaws be presented to the member Boards as they are approved by the Board of Directors, to allow more time for discussion of the proposals. Most of the Regional Directors had supported that suggestion when it was presented at their meeting. There was some concern voiced that this might shorten the period in which Bylaws changes are developed; however, informing the State Boards as early as possible of the proposed changes was endorsed by many Board members.

13. Report of the Education Committee

Education Committee Chair Harris reported the Committee held a conference call on March 11. Its task forces are continuing to work on their projects. Former Education Committee Chair Melanie Thompson is participating in the Committee's work and will serve on a consulting group to the AAA's new Pathways Commission.

14. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Tish said a task force had been appointed to consider firm names and has broken into two subgroups, one looking at misleading firm names and the other at network names. With the approval of the AICPA PEEC's interpretation ET 101-17 anticipated shortly, the task force expects to piggyback on that document. Ms. Tish said conference calls for the task force are being arranged, but a draft will not be ready in time for discussion at the June Regional Meetings. An update on the Committee's work will be presented at the Regionals.

15. Report of the CPA Licensing Examinations Committee

CLEC Chair Davenport reported the Committee will meet on May 12 in New York City and then will meet with the BOE to discuss common issues and bring both groups up-to-date. Mr. Davenport said the Committee is going to look at CLEC's mission as it relates to what it has done and what it will need to do in the future.

16. Report of the Executive Directors' Committee

Executive Directors Committee Chair Sweetwood asked the Board to consider the attendees' evaluations of the 2010 Executive Directors Conference. He reviewed the topics discussed at the conference and noted that state budgets were a central issue. To get the boards out of the state budget crunch, it is apparent the independent board proposal should be considered, Mr. Sweetwood stated. This proposal needs to be brought to budget officers and legislative officers as well, he suggested. Mr. Sweetwood thanked NASBA's leaders for addressing the conference.

17. Report of the Relations with Member Boards Committee

Committee Chair Burkett reported the Committee had reviewed the Focus Question responses received from the states, and called the Board members' attention to the summary report of those questions. He reported the Central Region will be holding a conference call with Regional Director Lodden and the Northeast Region will be having a meeting with Regional Director Weinshel in Connecticut in May. The responses received from the Focus Questions will assist in developing the new State Board members' orientation program. Mr. Burkett said one suggestion received was that the new Board member orientation be held in July rather than June, as many Board members are appointed in June.

18. Report of the Ethics and Strategic Professional Issues Committee

Committee Chair Hansen pointed out that Colorado had recently passed legislation which includes the 150-hour requirement, mandatory peer review and giving the Board more fining authority. He said his committee has been very active this year too. Mr. Hansen will present an international standards update at the Regional Meetings, covering accounting, auditing and ethics standards. The Committee is working on having uniform definition of "independence" adopted across state boundaries.

As a member of the Standing Advisory Committee (SAG) of the Public Company Accounting Oversight Board, Mr. Hansen reported they are considering how firms are taking on the role of principal auditor, but doing none of the work, particularly using firms in China that are not being inspected by the PCAOB. People are coming into the U.S. to audit public

companies, and with international mobility this will be an increasing occurrence, Mr. Hansen predicted. Also, Mr. Hansen said a revised audit report standard is likely to be coming out of the PCAOB and SEC which does not address the auditor's responsibility to detect fraud in the report.

Mr. Hansen, who is also a member of the AICPA's Professional Ethics Executive Committee, said they hope to release the final approved interpretation ET 101-17. The codification of the Code of Professional Conduct is a big PEEC project, as are IFRS and XBRL.

The NASBA Committee is getting more involved in IFAC, Mr. Hansen said. Some of the international standards are better than those in the U.S., he noted. Mr. Hansen was to have attended an IFAC ethics conference in Europe; however, it was cancelled because of the volcano ash's interruption of airline service.

He said the Committee appreciates participating in conference calls with Mr. Atkinson to give him their feedback on the BRP.

Mr. Atkinson questioned if the State Board should have regulatory authority where a company has its records in the state? By looking at the datelines on the reports it should be obvious to see where the work is done, but there may be a loophole. Mr. Isserman said this might raise a Constitutional issue. He asked that Mr. Allen consider this. Mr. Hansen said the PCAOB will come out with a rule and NASBA will be able to weigh in on that.

Mr. Allen said that in the statutory scheme, if the company is less than a separate entity in that state, the foreign entity can come in and do that work. He said he did not think anyone had contemplated a non-U.S. person coming in to do the work and then having someone sign-off who really has not done the work at all.

19. Report of Committee on State Board Relevance and Effectiveness

Mr. Johnson reported his Committee had established four subcommittees. In the next two weeks he expects the subcommittees will finalize all their reports and will send them out to the whole committee. Ellis Dunkum's subcommittee has developed many drafts of a rationale paper. Ray Johnson's subcommittee is to hold another conference call on the template for a law they are developing. Barbara Porter's budget subcommittee is developing percentages for State Board budget guidelines. And Rick Sweeney is working with Mr. Johnson to enhance the Committee's Web site. After the Regional Meetings, the Committee will edit their reports in line with the feedback they receive and will give them to the AICPA and the Accountants Coalition for their comments, Mr. Johnson said. Final versions of the papers are to be presented at NASBA's Annual Meeting.

20. Report of the Communications Committee

Chair Flowers said the Committee has met via phone and in person. They have identified four areas of focus: social media, student outreach, macro outreach and relevance. The Committee will have breakfast meetings for the Boards' communication officers at both Regional Meetings and look to gather feedback from the Boards at those meetings.

21. Report of the Enforcement Committee

Mr. Parsons said the Committee had met in San Antonio. They are working to have the SEC and PCAOB turn over case information to the State Boards. The SEC enforcement report that was initiated by Noel Allen has become critical to the Boards now, Mr. Parsons said. It tracks what complaints have been sent to the Boards and what the Boards have done with those complaints.

By summer 2010, a subcommittee led by Michael Skinner expects to have completed a list of resources to assist the Boards with legal support, expert witnesses, etc. Mr. Parsons said the Committee is hearing from the Boards about where they could use more help from NASBA in enforcement.

22. Report of the Enforcement Practices Committee

Committee Chair Weinshel said their biggest project is the best practices manual which they are developing by using SharePoint. It will include nine components and a draft should be ready for the Annual Meeting. They are suggesting the use of regional enforcement compacts.

Mr. Weinshel said the Connecticut Board has asked NASBA for help with expert witnesses and paperwork that may be required for five cases involved with the Madoff scheme. NASBA has agreed to assist the Board and other State Boards will also be able to help if they sign a regional compact.

23. Report of the Compliance Assurance Committee

Committee Chair Odom said they are still working on a paper on peer review. On June 17 and 18 they will meet in Raleigh with the Peer Review Board. At that time they will discuss what the Boards can do with oversight at the state level and the NASBA Committee will let the Peer Review Board determine what they can do at the national level. Mr. Sadler said Washington will have its first peer review oversight report next week. Mr. Isserman said the new New York peer review program will have oversight but not by State Board members.

24. Report of the Regulatory Response Committee

Committee Chair Isserman reported the Committee had prepared a comment letter for the Senate Committee stating that all public companies of any size should be subject to a required audit of internal controls.

The Committee has held a conference call on the IFAC commentary on auditor competence. They believe in a principles-based approach to determining competence: it is up to the firms to determine competence to work on an engagement. Although the Europeans like IFRS, which is not rules-based, they are moving to rules definitions of what competence

requirements for an auditor should be, Mr. Isserman explained. Ray Stephens, a Committee member, is developing the first draft of the response to this IFAC exposure draft. Mr. Isserman believes IFAC will be sending out more directives and NASBA needs to put its oar in the water by responding to these.

25. Report of the Committee on Global Strategies

Vice Chair Daggett said NASBA will continue to make a significant investment in the international arena so the international community will know who the regulators are in the United States. The U.S. has dealt with many of the issues the international community has, Mr. Daggett said. NASBA is following leads, such as the gentleman from China who expressed a strong interest which is culminating in a visit to China in a week by President Costello, IQAB Chair William Treacy and Director Linda Biek to discuss with the Chinese Institute of CPAs a future joint symposium. Ms. Biek and Mr. Hansen have spoken to many foreign representatives and established leads, Mr. Daggett reported. Ms. Biek is meeting with the Committee on European Security Regulators this week and will meet in Madrid with the Independent Audit Regulators. NASBA is trying to piggyback its next Forum of International Accounting Regulators with a meeting IAR will be holding in Madrid in September.

A mutual recognition agreement with the Hong Kong Institute of CPAs is still under discussion with the NASBA/AICPA International Qualifications Appraisal Board, Mr. Daggett said. President Costello said some kind of signing ceremony is expected to take place in Hong Kong.

26. Report on Mobility

Senior Vice President Bishop said he will meet with the New York Board on April 28. Currently 47 states have passed Section 23 legislation. Hawaii has passed a peer review bill and Mr. Bishop said the Board is meeting regularly with the state society to try to get Section 23 legislation. Mr. Bishop observed that not many mobility implementation issues have been encountered. The states have seen a drop off in temporary license revenue, but not much drop in reciprocal licenses, Mr. Bishop stated.

The DC Board is opposed to mobility legislation, Mr. Bishop said. Puerto Rico is trying to get an experience requirement.

Ms. Herting said Illinois is starting to have issues with states that do not require 150 hours to take the Uniform CPA Examination.

Mr. Bishop pointed out that the UAA says a state is to be considered substantially equivalent if within six years the UAA requirement will be implemented. However, some states, such as Indiana, have said they will not recognize those states that have not yet implemented the requirements.

27. Report of the Continuing Professional Education Advisory Committee

Mr. Long handed out the report of the CPE Advisory Committee. During the quarter, the CPE Advisory Committee met on two occasions to discuss standards and to meet with the Florida Board and CPE sponsors. The Committee realized that the CPE sponsors did not understand the use of the Registry's "Frequently Asked Questions." The course sponsors contend there is a substantial difference between what the CPE standards say and what the FAQ state. Mr. Long said the Committee is going to study how much those questions differ from standards. The Committee will decide if the standards need to be changed or an addendum is necessary. They will meet in May to determine what needs to be done.

28. Report on the Accountancy Licensing Database

Mr. Sweetwood said the ALD Task Force will meet at the Regional Meetings. They have formed a fourth task force with Edith Steele as the leader to deal with the ALD's public site. The task force has sent out a survey and will discuss the results. Mr. Sweetwood said the task force will meet in early August and focus on the ALD Website and what needs to be done.

29. Report of the Awards Committee

Ms. Smith asked the Board members to submit nominations for the NASBA awards by June 1. The awards' criteria are listed on the NASBA Web site. Mr. Atkinson asked that another reminder about the awards be sent out to the Boards.

Through December Ms. Smith will be in China teaching at a university with about 30,000 students, but through a NASBA scholarship she will be attending the Annual Meeting in October.

30. Next Meeting

Chair Atkinson announced the next meeting will be held in Jackson Hole, WY.

31 . Adjournment

On a motion by Mr. Burkett, seconded by Mr. Parsons, the Board moved to adjourn at 4:10 p.m. All approved and the meeting was adjourned.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

July 23, 2010 – Grand Teton National Park, WY

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, July 23, 2010 at the Jackson Lake Lodge in Grand Teton National Park, Wyoming, the Board took the following actions:

- Approved the Examination Review Board's transition plan, as presented by ERB Chair Wesley Johnson (MD) and Past ERB Chair Charles T albert, III (SC). Other volunteer members of the new ERB are Vice Chair Sandra Wilson (AK), Nicholas Mastracchio, Jr. (NY) and David Vaudt (IA). Under the plan, Toerien DeWit will become Director of ERB Operations with two other NASBA staff members assigned to the project full-time.
- Approved the Awards Committee's recommendations as presented by Committee Chair Kathleen Smith (NE): K. Michael Conaway (TX) will be the recipient of the 2010 William H. Van Rensselaer Public Service Award; Sheila Birch (OH) will be the recipient of the 2010 NASBA Distinguished Service Award; and Daniel J. Dustin (NY) will be the recipient of the 2010 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2010 Annual Business Meeting in October.
- Accepted President David Costello's three-year business strategy plan for NASBA. The plan identifies the organization's six key business strategies as: (1) Position NASBA as the premier organization for examination leadership. (2) Provide regulatory support for State Boards of Accountancy. (3) Increase the knowledge and awareness of NASBA and State Boards throughout the U.S. and world. (4) Achieve operational excellence throughout NASBA. (5) Sustain and increase NASBA's financial strength. (6) Position the NASBA Center for the Public Trust as a premier ethics resource.
- Welcomed representatives of the Institute of Chartered Accountants in England and Wales, Head of International Affairs Jean Etteridge and Executive Director of Learning and Professional Development Mark Protherough, as introduced by NASBA/AICPA International Qualifications Appraisal Board Chair William Treacy (TX). The ICAEW has approximately 2,500 members in 47 U.S. states, out of more than 134,000 members worldwide, Ms. Ettridge reported.
- Received a progress report (via conference call) from Selection Advisory Committee Chair John B. Peace (AR). The report was delivered while the Board was in executive session.
- Approved the FY 2010-2011 NASBA operating and capital budgets as presented by Administration and Finance Committee Chair Leonard Sanchez (NM).

- Heard a report from NASBA Chair Billy Atkinson (TX) on his participation in the AICPA/FAF/NASBA Blue Ribbon Panel On Standard Setting for Private Companies (BRP). The BRP's three meetings to date have convinced the Panel members that there is need for change. Chair Atkinson explained NASBA would support making moderate alterations to the Financial Accounting Standards Board's composition, and enhancements or adjustments to existing GAAP in recognition of the needs of private companies. The next BRP meeting will be held in October, at which time BRP staff will be presenting detailed models for change.
- Learned from Senior Vice President and Chief Operating Officer Ken Bishop that the administration of the Uniform CPA Examination outside the United States will be done under two agreements: one two-party agreement (NASBA and AICPA) and a separate three-party agreement (NASBA, AICPA and the technology provider). The agreements are expected to be signed prior to the Annual Meeting. He reported that his recent meetings in Japan assured him that the proposed terms for the examination's international delivery would not be opposed by the Japanese.
- Received a report on Professional Credential Services, Inc., NASBA's wholly owned subsidiary, from its President, Denise Hanley. PCS now serves 57 professions, including 18 boards in Puerto Rico. Ms. Hanley reported that during this past year PCS had acquired four new clients and signed six contract renewals.
- Accepted the slate of NASBA 2010-2011 officers and directors selected by the Nominating Committee, as presented by Nominating Committee Chair Thomas Sadler (WA). The election of officers and directors will be held at the Annual Business Meeting.
- Were invited by NASBA Director of Government Relations Linda Biek to attend NASBA's Third Forum of International Accountancy Regulators, to be held September 29 - October 1, 2010 in Madrid, Spain. Ms. Biek announced NASBA Director at Large Gaylen Hansen (CO) has been named as NASBA's representative to the International Federation of Accountants' ethics standards and auditing standards consultative advisory groups.
- Received an update from Executive Vice President Joe Cote on the growth of the Accountancy Licensing Database. There are now 29 states participating, with Iowa, Maryland and North Carolina as the most recent contributing their information.

The next meeting of the NASBA Board of Directors will be held on October 22, 2010 in San Antonio, Texas.

Distribution:

State Board Chairs/Presidents and Executive Directors
NASBA Board of Directors and Committee Chairs

REGIONAL DIRECTORS' FOCUS QUESTIONS

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by October 6, 2010. Use additional sheets for your responses if needed.

JURISDICTION _____ DATE _____
NAME OF PERSON SUBMITTING FORM _____

1. NASBA's Continuing Professional Education Advisory Committee in conjunction with the Compliance Services Division has released over the years responses to CPE sponsors' Frequently Asked Questions (FAQs), in order to give guidance to them (see <https://registry.nasbatools.com/download/6/FAQ41108.pdf>). A task force has been formed to review the FAQs and the AICPA NASBA Standards for CPE Sponsors, as appended to the Uniform Accountancy Act. (a) Has your Board included the Standards in your rules by reference? (b) By specific language? (c) Has your Board viewed the FAQs and agreed with them? (d) Does your Board believe the information contained in the FAQs should be placed in the Standards or continue to stand alone as advisory interpretations that can be modified as quickly as needed? (e) Is there any area of the Standards that your Board would like to see reconsidered?

2. (a) Does your Board have a record retention (destruction) policy and, if so, has it been reviewed lately? (b) Does it include a document destruction policy for e-mail? (c) Is the policy being followed?

3. Is your Board currently conducting a CPA swearing-in (or certificate distribution) ceremony? Did it ever? If so, has it been successful? Has it been done with the assistance of the state CPA society? Do you think it is something other Boards would benefit from?

JURISDICTION _____ DATE _____
NAME OF PERSON SUBMITTING FORM _____

4. Does your state allow for any CPA designation for a retired CPA? If so, what is the designation and how has this worked out in your state?

5. Has your Board incurred any problems that could be attributed to adopting mobility legislation?

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

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

- Input only from Board Chair
- Input only from Executive Director
- Input only from Board Chair and Executive Director
- Input from all Board Members and Executive Director
- Input from some Board Members and Executive Director
- Input from all Board Members
- Input from some Board Members

Other (please explain):

DRAFT DISCUSSION PAPER

May 20, 2010

PROPOSED UNIFORM DEFINITION OF INDEPENDENCE

Submitted by:

**The Ethics and Strategic Professional Issues Committee
Gaylen R. Hansen, CPA, Chair**

Kent J. Bailey, CPA, Subcommittee Chair

Steven Corbeille

Andrew L. DuBoff, CPA

Gary Fleming, CPA

Wayne Michael Fritz, CPA

Patrick D. McCarthy, CPA

Marianne Mickelson, Ed. D.

Carla E. Sledge, CPA

Cecil Wood, Ph.D

The NASBA Ethics and Strategic Professional Issues Committee studied the issue of a uniform definition of independence as a charge from Billy Atkinson, Chair of NASBA. As the committee began to survey the jurisdictions and various regulatory bodies we identified several reasons for a uniform definition of independence:

- The US Treasury's Advisory Committee on the Auditing Profession recommended that independence and ethics standards be harmonized to the extent possible by regulators.
- In order for the CPA profession to maintain its long standing self-regulating feature, it is necessary for Boards of Accountancy to be proactive in developing clear independence guidance. If not, the profession could become increasingly regulated by congressionally mandated laws such as the Sarbanes-Oxley Act of 2002 which established the Public Company Oversight Board (PCAOB).
- Since nearly all of the 55 jurisdictions of NASBA have adopted mobility, it is imperative that independence standards be uniform for firms and licensees who practice across state boundaries.

Literature Surveyed and Committee Experience

The committee reviewed and discussed the following articles and documents related to definitions of independence: Baker (2005), Ascher & Foer (2010), AICPA Code of Professional Conduct (2009), IFAC Code of Ethics for Professional Accountants (2009), Government Accountability Office Audit Standards (2007), UAA Model Rules (2009) and segments of 42 states' rules. References to these articles and documents are included in Appendix A. In reviewing the information, it is apparent the concept of independence varies with each international, national and state regulatory body.

In reviewing state rules, the committee discovered certain states (23) broadly define independence from an exceptions approach, indicating a licensee or firm is not independent if certain conditions prevail, such as direct ownership or being a trustee of a trust. At the end of the exceptions there would typically be a statement to the effect, "the above examples are not intended to be all inclusive." Some states merely reference the independence standards of the AICPA as of a certain date (15). Only four states of the 42 surveyed use their own unique definition of independence.

Baker's article (2005) brings into focus the apparent change in the role of the auditor from "trusted advisor" to a truly independent auditor which reflects a "separation between registered auditors and client management." This shift in focus is somewhat attributable to the emergence of the PCAOB. Baker quotes University of Alabama Professor Thomas A. Lee, who defines independence as, "an attitude of mind which does not allow the viewpoints and conclusions of its possessor to become reliant on or subordinate to the influence and pressures of conflicting interests."

Also the committee reviewed the independence definitions of the International Federation of Accountants (IFAC) and the American Institute of Certified Public Accountants (AICPA).

The IFAC definition of independence is:

- (a) Independence of mind - the state of mind that permits the **expression of a conclusion** without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity, and exercise objectivity and professional skepticism.
- (b) Independence in appearance - the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances, that a firm's, or a member of the audit or assurance team's, integrity, objectivity or professional skepticism has been compromised.

The AICPA definition of independence is:

- (a) Independence of mind - the state of mind that permits the **performance of an attest service** without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
- and
- (b) Independence in appearance - the avoidance of circumstances that would cause a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, to reasonably conclude that the integrity, objectivity, or professional skepticism of a firm or a member of the attest engagement team had been compromised.

Comparison of IFAC and AICPA Independence Definitions

Through conference calls, our committee focused on the IFAC and AICPA definitions as potential models for a uniform definition of independence. Both definitions contained two parts: independence of mind and independence in appearance. The committee elected to follow the AICPA definition. In the first paragraph the AICPA has the phrase "performance of an attest service" as compared to "an expression of a conclusion" in the IFAC definition. Since accountants express opinions based on the performance of attest services which then leads to conclusions, the committee believed the AICPA definition more accurately describes the work of a CPA.

In the second paragraph, there were several seemingly small differences which evoked substantial discussion. The committee began with the AICPA definition and discussed the differences. The first small change was to include the words "facts and" before "circumstances." The committee believed there is a substantive difference between "circumstances" and the more concise phrase "facts and circumstances." The committee then discussed the IFAC language of "significant that a reasonable and informed" The committee believes the word "significant" connotes an indefinite measure of precision which could be subject to different interpretations. For that reason the word was not included in the proposed definition.

The committee then had its most significant debate about the omission of the phrase "including the safeguards applied..." from the committee's proposed definition. One of the committee's concerns with the safeguards approach, was that some CPAs could rationalize away threats so there would be few, if any, situations in which a CPA would not be considered independent by applying the safeguards. Additionally, in the UAA Model Rules, Rule 10-4, Section VII, "Principle: Independence," does not include the threats and safeguards language. For these reasons the committee also did not include a reference to the threats and safeguards concept.

Another change in the second paragraph considered by the committee would have changed the word "member" to "licensee." The committee concluded the use of "licensee" could potentially imply that independence would only apply to CPAs. Consequently, a change was made to emphasize all engagement team members, whether a younger non-certified staff person or a non-CPA partner must be independent.

The final paragraph of the proposed definition was modeled after reviewing the State of Texas board's rule on independence. The Texas rule indicates the application of their rule is based on requirements of the standard as of the date the conduct is being evaluated. The final sentence was added in an attempt to have an effective date that did not require a rule change every year (we noted that some states reference dates as old as 1997 in their independence rules).

Recommendations

1. We recommend NASBA forward the following uniform definition of independence to the NASBA UAA Committee for consideration.
2. We recommend NASBA continue to work with other regulatory and private sector, standard-setting bodies to promote uniform independence standards.

Proposed Uniform Definition of Independence

Independence of mind - the state of mind that permits the performance of an attest service without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.

Independence in appearance - the avoidance of facts and circumstances that would cause an informed third party, having knowledge of all relevant information to reasonably conclude that the integrity, objectivity, or professional skepticism of a firm or an attest engagement team member had been compromised.

A licensee engaged in the practice of public accountancy shall conform in mind and appearance to the independence standards adopted by the Board, and/or, where applicable, the U.S. Securities and Exchange Commission (SEC), the Government Accountability Office (GAO), the Public Company Accounting Oversight Board (PCAOB), and other national or international regulatory or professional standard setting bodies. The application of any such standard to a firm or licensee's conduct shall be based on the requirements of the standard as of the date of the conduct being evaluated.

Appendix References

Baker, Richard. 2005. "The Varying Concept of Auditor Independence", The CPA Journal, August, <http://www.nysscpa.org/cpajournal/2005/805/infocus/pzz.htm>

Asher, Bernard and Foer, Albert A. "Financial Reform and the Big 4 Audit Firms", The American Antitrust Institute, January 2010, bascher@antitrustinstitute.org

AICPA Code of Professional Conduct, 2009, ET§ 100.01

Code of Ethics for Professional Accountants, July 2009, International Federation of Accountants, (IFAC)

Uniform Accountancy Act, Model Rules, April 24, 2009

Government Audit Standards, 2007

DRAFT DISCUSSION PAPER

**ETHICAL ISSUES ASSOCIATED WITH PERFORMING
AN AUDIT OR OTHER ATTEST SERVICE BELOW COST**

Submitted by
NASBA Ethics and Strategic Professional Issues Committee
Gaylen Hansen, CPA, Chair

Loss Audit Subcommittee
Raymond Johnson, CPA, Subcommittee Chair
Bobby Creech, CPA
Rick David, CPA
Gary Forte, Public Member
Jeff Leiserowitz, CPA
Kurt Kofford, CPA
Larry Nunn, CPA
Rona Shor, CPA

EXECUTIVE SUMMARY

Performing an audit, or other attest services, below cost raises some serious ethical concerns. This draft discussion paper focuses on the risk to CPA firms' independence, as well as the risks to the ethical standards of due care and compliance with professional standards. For example, ethical threats to independence, integrity and objectivity include:

- When an auditor is intent on "buying" an engagement, there is a threat of subordination of judgment in order to obtain or retain the client.
- When the auditor relies on selling other services to make up for performing an audit below cost, subordination of judgment may occur.

Ethical threats to due care and compliance with professional standards include the following scenarios:

- When a fee is quoted below cost, a threat exists that it may be difficult to perform the engagement and also comply with applicable professional standards within the time reasonably contemplated.
- When a fee is quoted below cost, a threat exists that documentation requirements may not be met.

However, safeguards may be implemented to overcome these ethical threats. Some safeguards may help overcome both ethical threats to independence and ethical threats to due professional care and compliance with professional standards. Such safeguards might include:

- Requiring engagement quality reviews, e.g., concurring or second partner review, and consultation with technical specialists on issues of significant professional judgment.
- Requiring adequate supervision and review of engagements.
- Allocating appropriate time and assigning qualified staff to the engagement.
- Instituting an adequate system of quality control, including approval of acceptance and continuance of engagements by those responsible for managing the auditing firm, preferably those that otherwise have no participation in the audit.

This discussion paper addresses relevant threats and discusses appropriate safeguards to help ensure compliance with ethical rules. It also addresses peer review and anti-trust considerations. The discussion paper concludes with potential actions steps for NASBA and proposes a draft ethical rule, all of which will be the subject of discussion at the NASBA June 2010 Regional Meetings.

Introduction

The NASBA Ethics and Strategic Professional Issues Committee began to look at the ethical issues associated with performing an audit (or other attest service) below cost as part of a larger issue of looking at harmonization of independence requirements across all states and jurisdictions. Once the Committee began to look at this issue in detail we identified a number of reasons to pursue this issue further. Following is a summary of the Committee's views and conclusions.

The reference in this paper to performing services "below cost" is focused primarily upon a decision to perform an engagement which is expected to result in a loss. For various reasons, a CPA firm may provide services that incur more time than anticipated, and result in a loss which was not anticipated upon the

acceptance of the engagement. Although this paper focuses upon expectations rather than actual results, an actual loss may provide evidence that there was an expectation of a loss.

From a public protection standpoint, focus of this paper is on the extreme case – where the fee is clearly less than the cost required to do a job. We also acknowledge there could be other circumstances when fees are accepted in excess of that required to do a job – solely in an inappropriate response to report what a client may want and to compensate the auditor for not being independent in state of mind.

We also strongly believe that professional services provided below cost may point to a significant underlying ethical issue that begs for appropriate consideration and resolution. We have concluded the issue is not the loss per se, but rather the nature of attendant and conscious behavior that may have accompanied the loss. In effect, the loss may very well be a symptom pointing to an unacceptable departure from ethical standards. In that regard, it is difficult to believe that most professional accountants intend to lose money in performing services absent a compelling business reason to the contrary. It is the position of the Committee that some reasons may indeed be acceptable. Other reasons, as discussed below, may indicate serious ethical breaches that may require standards or regulation.

Finally, we have not attempted to define "below cost"¹ inasmuch as there is not only considerable federal and state jurisprudence explaining the term in antitrust and unfair trade cases, but there are also hundreds of state statutes and rules currently applying the term to different areas of commerce. Further, we believe that CPAs are sufficiently knowledgeable and can understand and interpret the term "below cost" in the context of professional accounting services.

Literature and Committee Experience

The Committee reviewed a body of literature associated with various threats to independence which include Baker (2005), Brewster (2003), Mautz (1988), Reason (2010), and Zeff (2003). References to these articles and books are included in Appendix A. These articles and books raise questions about whether auditors are acting in the public interest or in their own private interest. Furthermore, they document a shift from auditors being neutral and objective, to advocating for their clients with regard to accounting and auditing matters. Over a 30-year span beginning in the early 1970s, some auditors made a shift from making judgment calls in the interest and well being of the shareholder to making calls in the interest of management. This trend raises significant concerns about whether some auditors were "independent of mind" and whether they subordinated their professional judgment to that of the client. There is well documented evidence that some of this shift was associated with using the audit as a loss leader to obtain more lucrative consulting services, which caused some auditors to lose their independence in mental attitude when they subordinated their judgment to management. In this process, auditors lost a significant amount of the public trust. A similar risk may exist if auditors bid a fee sufficiently low to either "buy" a client or keep a client by bidding below cost. In these circumstances there may be a risk that the auditor will subordinate judgment to the client in order to obtain or retain work.

¹ In general, "below cost" is understood to be a price placed on a product or service that is less than the seller paid to create it. The Organisation for Economic Co-operation and Development's Glossary of Statistical Terms states that "Selling below cost is a practice whereby a firm sells products [or services] at less than costs of manufacture or purchase in order to drive out competitors and/or to increase market share."

Another risk associated with performing an audit below cost results from not meeting professional standards, or not using due professional care, in order to reduce the potential for loss incurred during an audit, e.g., if you don't spend the time you won't suffer a loss. A CFO Magazine article by Reason (2010) raises issues not only about a trend in the decline in audit fees, but also about the potential for the decline in quality of audit work. The article cites one instance where audit fees were cut from \$4.3 million to \$2.2 million through a change in auditors. A year later, the client threatened to change auditors again and the incumbent firm kept the engagement by cutting fees to \$1.2 million. At what point should the public ask whether it is getting the same audit for \$1.2 million that was previously performed for \$2.2 million or for \$4.3 million? Reason goes on to point out that there was a glaring red flag when Madoff's multi-billion dollar fund paid Frierling & Horowitz only \$186,000 for its 2008 audit. The public interest issue revolves around whether an audit can be performed when fees are unreasonably low so as to preclude all possibility that an audit was conducted in accordance with professional standards.

Ultimately, state boards of accountancy should be concerned about taking actions that protect the public interest. There are examples in federal and state governments where laws have been passed to prevent other professionals from bidding below cost. The Brooks Act is a federal law that focuses on a qualifications-based selection process (rather than a fee-based selection process) in hiring architects and engineers for public works projects. The result of the Brooks Act is to provide public protection above price in the procurement of design and engineering services for public buildings and other public works. Further, many states have passed "mini-Brooks Acts" at the state level for public protection. There is precedent for the issue being discussed in this paper.

State boards of accountancy should also be concerned about the inherent ethical tension that exists between an audit firm's private interest and the public interest. There are a number of valid business reasons for performing an audit below cost, including obtaining entrance into an industry, obtaining a portfolio of work from a client, or keeping staff busy during a slow seasonal period. However, fidelity to the public trust should not be subordinated to the private interest associated with performing an audit below cost. In principle, performing an audit below cost is a threat to (1) independence in mental attitude and (2) due professional care.

A number of concerns were raised from Committee member's anecdotal experience as members of state boards of accountancy. We are frequently faced with disciplining auditors for:

- Subordination of judgment to clients.
- Audits that did not measure up to professional standards because a substandard audit was performed as a result of inadequate fees.

At least two states address the ethical threats that arise from performing audit services below cost.

- Texas statute addresses the independence issues associated with performing an audit below cost (see Appendix C-2).
- North Carolina statute views performing attest services below cost as a discreditable act (see Appendix C-3).

Threats and Safeguards Approach

In recent years, both the AICPA Professional Ethics Executive Committee (PEEC) and the International Ethics Standards Board of Accountants (IESBA) have adopted a "threats and safeguards" approach to resolving ethical issues. The PEEC and IESBA standards, as they relate to a threats and safeguards approach, are included in Appendix B. These standards take the approach that threats and safeguards should be judged from the perspective of a *reasonable and prudent person* who possesses both *knowledge and experience*.

The Committee finds the threats and safeguards approach inherently appealing because performing an audit or other attest services below cost is not, by itself, unethical. Nevertheless, in principle, performing an audit or other attest services below cost may indicate a significant threat to independence, integrity and objectivity, due care, and compliance with professional standards.

Ethical threats to independence, integrity and objectivity include:

- When an auditor is intent on "buying" an engagement, there is a threat of subordination of judgment in order to retain the client.
- When an auditor relies on selling other services to make up for the performing an audit below cost, subordination of judgment may occur.

As outlined immediately above, we believe that there is a significant threat of subordination of judgment when an audit is performed below cost. Further, we note that independence requirements generally deal with financial interests and relationships. Existing rules are replete with provisions regarding investments, loans and employment. Whether performing an audit below cost results in a lack of independence has been questioned. The Committee believes that performing an audit below cost may be an indication of financial dependency that results in a lack of independence. Just as a firm may have overdue fees or be engaged in disputes that may impact independence, the question of performing services below cost may indicate financial considerations that may impair independence. Of note, the IESBA has recently adopted a standard that requires application of the threats and safeguards approach when the amount of fees from an individual client exceeds 15 percent of total firm fees. We believe that performing audits below costs presents a similar threat to independence and is driven by economic dependency. Why else would a firm entertain incurring a loss?

Ethical threats to due care and compliance with professional standards include the following scenarios:

- When a fee is quoted below cost, a threat exists that it may be difficult to perform the engagement and also comply with applicable professional standards within the time reasonably contemplated.
- When a fee is quoted below cost, a threat exists that documentation requirements may not be met.

The Committee recognized that some level of time and perceived budget pressure is present in virtually every audit. However, safeguards may be implemented to overcome the ethical threats presented by performing an audit or other attest service below cost. Typical safeguards could include:

- Requiring engagement quality reviews, e.g., concurring or second partner review and consultation with technical specialists on issues of significant professional judgment to ensure that professional judgment is not compromised and that the audit firm is independent.
- Requiring adequate supervision and review to ensure that professional judgment is not compromised and that the engagement was performed with due professional care and complied with professional standards, including documentation requirements.
- Allocating appropriate time and assigning qualified staff to do the engagement to ensure that professional judgment is not compromised, that due professional care is used, and the engagement complied with professional standards.
- Instituting an adequate system of quality control, including approval of acceptance and continuance of engagements by those responsible for managing the auditing firm, preferably those that otherwise have no participation in the audit.

In the face of performing an audit below cost, safeguards such as these may help ensure that professional judgment is not compromised and that engagements are performed with due professional care and comply with professional standards. In essence, the identification of the threat of performing an audit below cost and the appropriate application and documentation of safeguards can map a firm's defense that it has complied with ethical requirements. In the absence thereof, a firm could be in jeopardy of potentially impaired independence, and failure to use due professional care or to comply with professional standards.

Peer Review Considerations

We understand that current quality/compliance assurance (peer review) standards require firms to provide the number of actual hours incurred in the engagement selection process. However, review teams are not explicitly required to assess the implication of the threats discussed above. From a regulatory standpoint, the peer review process would be significantly strengthened if the following were specifically considered:

- Firm leadership responsibilities are required to be reflected in their quality control document to comply with Statement of Quality Control Standards No. 7. Are such policies consistent with observed "tone at the top" and in engagements reviewed as they relate to engagement acceptance and continuance? Are acceptable criteria related to performing an audit or other attest service below cost complied with in practice or is "low-balling," regardless of ethical consequences, tolerated?
- In the engagement selection process are audits performed significantly below cost focused on as having a higher risk of noncompliance with ethical standards?
- Engagement reviews performed – Is it reasonable to assume, that given the budgeted and actual hours of an engagement, whether professional standards could have conceivably been complied with?

Anti-trust Considerations

The Committee also discussed the implications of the foregoing on extant anti-trust legislation and regulations. The Committee believes that the foregoing considerations and the recommendations below represent an appropriate state regulatory response to protection of the public interest and investors. More specifically, we do not believe that requiring a threats and safeguards approach should be considered as an effort to stifle competitive bidding. It is appropriate for a CPA firm to quote a low fee, a fixed fee, or even fees that are insufficient to cover all audit costs as long as appropriate safeguards are applied and

documented to ensure independence, the use of due professional care, and compliance with professional standards.

Recognition that Performing Audits or Other Attest Services Below Cost is a Threat to Independence, Due Professional Care, and Compliance with Professional Standards

The Committee concluded that there are sufficient threats to independence and due professional care when an audit, or another attest service, is performed below cost and that current ethical standards addressing such situations are insufficient (they are not addressed in AICPA standards and are rarely addressed in the rules of conduct of state boards of accountancy). In other words, the current standards on independence, integrity and objectivity and due professional care do not sufficiently raise the concern about threats that arise from performing audit and attest services below cost. Ultimately, if not countered, the result of such an ethical vacuum will result in reduced audit quality and risk to the public interest.

The time has come for this threat, and discussion of related safeguards, to be recognized in U.S. professional standards.

Potential Action Steps

1. Develop professional standards that address the threat to independence, due professional care and compliance with professional standards of performing attest services below cost.
2. Develop quality control standards that require a firm's systems of quality control to address the inherent threats to independence, due professional care, and compliance with professional standards created by accepting and performing below cost attest services.
3. Develop quality/compliance assurance (peer review) standards that require, when selecting engagements for review, appropriate consideration be given to below cost engagements and the related threats to independence, due professional care, and compliance with professional standards.
4. For purposes of discussion only, the Committee has drafted the following rule, and recommends that it be considered further by the NASBA Uniform Accountancy Act Committee.

Draft Rule Related to Performing Audits or Attest Engagements Below Cost

In principle, there is a presumption that performing an audit or other attest services below cost poses a significant threat to independence, due professional care, and compliance with professional standards. A licensee needs to identify threats to independence, due professional care, and compliance with professional standards that may exist and develop safeguards to address such threats. For example, ethical threats associated with performing an audit, or other attest services, below cost may occur:

- When an auditor is intent on "buying" a client, there is a threat that the auditor will subordinate judgment to the client in order to retain the client.
- When an auditor relies on selling other services to make up for performing the audit below cost, a threat exists that the auditor might subordinate judgment in order to sell the other services.
- When a fee is quoted below cost a threat exists that it may be difficult to perform the engagement and also comply with applicable professional standards within the reasonable time contemplated.
- When a fee is quoted below cost, a threat exists that documentation requirements may not be met.

When entering into negotiations regarding audit or other attest services, a licensee may negotiate any appropriate fee. The fact that one licensee may quote a lower fee than another, or a licensee quotes a fixed fee, is not in itself unethical. The auditor may overcome the presumption that performing an audit below cost poses a significant threat to independence, due professional care and compliance with professional standards by putting the following types of normal safeguards in place:

- Require engagement quality reviews, e.g., concurring or second partner review, and consultation with technical specialists on issues of significant professional judgment to ensure that professional judgment is not compromised and that the audit firm is independent.
- Require adequate supervision and review to ensure that professional judgment is not compromised and that the engagement was performed with due professional care and complied with professional standards, including documentation requirements.
- Allocating appropriate time and assigning qualified staff to do the engagement to ensure that professional judgment is not compromised, that due professional care is used, and the engagement complied with professional standards.
- Instituting an adequate system of quality control, including approval of acceptance and continuance of engagements by those responsible for managing the auditing firm, preferably those that otherwise have no participation in the audit.

Ultimately, a licensee should consider whether a reasonable person, having knowledge of the facts and circumstances associated with fees, costs, time budgets, work performed, and quality controls, would conclude that performing an audit or other attest services below cost poses an unacceptable threat to independence and due professional care. If an unacceptable threat exists, the licensee should either (a) disengage himself or herself, or (b) disclaim an opinion because of lack of independence. Such disengagement may take the form of resignation or cessation of any audit or attest engagement then in progress.

APPENDIX A REFERENCES

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APPENDIX B
THREATS AND SAFEGUARDS APPROACH TO ETHICAL ISSUES

AICPA ET Section 100 - Conceptual Framework for AICPA Independence Standards

Introduction

.01 This conceptual framework describes the risk-based approach to analyzing independence matters that is used by the Professional Ethics Executive Committee (PEEC) of the AICPA when it develops independence standards. Under that approach, a member's relationship with a client is evaluated to determine whether it poses an unacceptable risk to the member's independence. Risk is unacceptable if the relationship would compromise (or would be perceived as compromising by an informed third party having knowledge of all relevant information) the member's professional judgment when rendering an attest service to the client. Key to that evaluation is identifying and assessing the extent to which a threat to the member's independence exists and, if it does, whether it would be reasonable to expect that the threat would compromise the member's professional judgment and, if so, whether it can be effectively mitigated or eliminated. Under the risk-based approach, steps are taken to prevent circumstances that threaten independence from compromising the professional judgments required in the performance of an attest engagement.

.02 Professional standards of the AICPA require independence for all attest engagements. The PEEC bases its independence interpretations and rulings under ET section 100 of the AICPA's Code of Professional Conduct on the concepts in this framework. However, in certain circumstances the PEEC has determined that it is appropriate to prohibit or restrict certain relationships notwithstanding the fact that the risk may be at an acceptable level. For example, the PEEC has determined that a covered member should not own even an immaterial direct financial interest in an attest client.

.03 Because this conceptual framework describes the concepts upon which the AICPA's independence interpretations and rulings are based, it may assist AICPA members and others in understanding those interpretations and rulings. In addition, this conceptual framework should be used by members when making decisions on independence matters that are not explicitly addressed by the Code of Professional Conduct. Under no circumstances, however, may the framework be used to overcome prohibitions or requirements contained in the independence interpretations and rulings.

.04 The risk-based approach entails evaluating the risk that the member would not be independent or would be perceived by a reasonable and informed third party having knowledge of all relevant information as not being independent. That risk must be reduced to an acceptable level to conclude that a member is independent under the concepts in this framework. Risk is at an acceptable level when threats are at an acceptable level, either because of the types of threats and their potential effect, or because safeguards have sufficiently mitigated or eliminated the threats. Threats are at an acceptable level when it is not reasonable to expect that the threat would compromise professional judgment.

.05 The risk-based approach involves the following steps.

a. Identifying and evaluating threats to independence—identify and evaluate threats, both individually and in the aggregate, because threats can have a cumulative effect on a member's independence. Where threats are identified but, due to the types of threats and their potential effects, such threats are considered to be at an acceptable level (that is, it is not reasonable to expect that the threats would compromise professional judgment), the consideration of safeguards is not required. If identified threats are not considered to be at an acceptable level, safeguards should be considered as described in paragraph .05b.

b. Determining whether safeguards already eliminate or sufficiently mitigate identified threats and whether threats that have not yet been mitigated can be eliminated or sufficiently mitigated by safeguards—Different safeguards can mitigate or eliminate different types of threats, and one safeguard can mitigate or eliminate several types of threats simultaneously. When threats are sufficiently mitigated by safeguards, the threats' potential to compromise professional judgment is reduced to an acceptable level. A threat has been sufficiently mitigated by safeguards if, after application of the safeguards, it is not reasonable to expect that the threat would compromise professional judgment. ^{11.1}

c. If no safeguards are available to eliminate an unacceptable threat or reduce it to an acceptable level, independence would be considered impaired.

Definitions

.06 *Independence* is defined as:

- a. *Independence of mind*—The state of mind that permits the performance of an attest service without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
- b. *Independence in appearance*—The avoidance of circumstances that would cause a reasonable and informed third party, having knowledge of all relevant information, including safeguards ^{11.2} applied, to reasonably conclude that the integrity, objectivity, or professional skepticism of a firm or a member of the attest engagement team had been compromised.

.07 This definition reflects the longstanding professional requirement that members who provide services to entities for which independence is required be independent both in fact and in appearance. ^{11.3} The state of mind of a member who is independent "in fact" assists the member in performing an attest engagement in an objective manner. Accordingly, independence of mind reflects the longstanding requirement that members be independent in fact.

.08 This definition is used as part of the risk-based approach to analyze independence. Because the risk-based approach requires judgment, the definition should not be interpreted as an absolute. For example, the phrase "without being affected by influences that compromise professional judgment" is not intended to convey that the member must be free of any and all influences that might compromise objective judgment. Instead, a determination must be made about whether such influences, if present, create an unacceptable risk that a member would not act with integrity and exercise objectivity and professional skepticism in the conduct of a particular engagement, or would be perceived as not being able to do so by a reasonable and informed third party that has knowledge of all relevant information.

.09 *Impair*—For purposes of this framework, impair means to effectively extinguish (independence). When a member's independence is impaired, the member is not independent.

.10 *Threats*—Threats to independence are circumstances that could impair independence. Whether independence is impaired depends on the nature of the threat, whether it would be reasonable to expect that the threat would compromise the member's professional judgment and, if so, the specific safeguards applied to reduce or eliminate the threat, and the effectiveness of those safeguards as described in paragraph .21.

.11 Threats might not involve violations of existing interpretations or rulings. For example, the circumstance described in paragraph .18b of this framework is permissible in limited instances under current AICPA independence interpretations and rulings.

.12 Many different circumstances (or combinations of circumstances) can create threats to independence. It is impossible to identify every situation that creates a threat. However, seven broad categories of threats should always be evaluated when threats to independence are being identified and assessed. They are self-review, advocacy, adverse interest, familiarity, undue influence, financial self-interest, and management participation threats. The following paragraphs define and provide examples, which are not all-inclusive, of each of these threat categories. Some of these examples are the subject of independence interpretations and rulings contained in the Code of Professional Conduct.

.13 *Self-review threat*—Members reviewing as part of an attest engagement evidence that results from their own, or their firm's, nonattest work such as, preparing source documents used to generate the client's financial statements

.14 *Advocacy threat*—Actions promoting an attest client's interests or position. ¹¹⁴

- a. Promoting the client's securities as part of an initial public offering
- b. Representing a client in U.S. tax court

.15 *Adverse interest threat*—Actions or interests between the member and the client that are in opposition, such as, commencing, or the expressed intention to commence, litigation by either the client or the member against the other.

.16 *Familiarity threat*—Members having a close or longstanding relationship with an attest client or knowing individuals or entities (including by reputation) who performed nonattest services for the client.

- a. A member of the attest engagement team whose spouse is in a key position at the client, such as the client's chief executive officer
- b. A partner of the firm who has provided the client with attest services for a prolonged period
- c. A member who performs insufficient audit procedures when reviewing the results of a nonattest service because the service was performed by the member's firm
- d. A member of the firm having recently been a director or officer of the client
- e. A member of the attest engagement team whose close friend is in a key position at the client

.17 *Undue influence threat*—Attempts by an attest client's management or other interested parties to coerce the member or exercise excessive influence over the member.

- a. A threat to replace the member or the member's firm over a disagreement with client management on the application of an accounting principle
- b. Pressure from the client to reduce necessary audit procedures for the purpose of reducing audit fees
- c. A gift from the client to the member that is other than clearly insignificant to the member

.18 *Financial self-interest threat*—Potential benefit to a member from a financial interest in, or from some other financial relationship with, an attest client.

- a. Having a direct financial interest or material indirect financial interest in the client
- b. Having a loan from the client, from an officer or director of the client, or from an individual who owns ten percent or more of the client's outstanding equity securities
- c. Excessive reliance on revenue from a single attest client
- d. Having a material joint venture or other material joint business arrangement with the client

.19 *Management participation threat*—Taking on the role of client management or otherwise performing management functions on behalf of an attest client.

- a. Serving as an officer or director of the client
- b. Establishing and maintaining internal controls for the client
- c. Hiring, supervising, or terminating the client's employees

.20 Safeguards—Controls that mitigate or eliminate threats to independence. Safeguards range from partial to complete prohibitions of the threatening circumstance to procedures that counteract the potential influence of a threat. The nature and extent of the safeguards to be applied depend on many factors, including the size of the firm and whether the client is a public interest entity. ¹⁵To be effective, safeguards should eliminate the threat or reduce to an acceptable level the threat's potential to impair independence.

.21 The effectiveness of a safeguard depends on many factors, including those listed here:

- a. The facts and circumstances specific to a particular situation
- b. The proper identification of threats
- c. Whether the safeguard is suitably designed to meet its objectives
- d. The party or parties that will be subject to the safeguard
- e. How the safeguard is applied
- f. The consistency with which the safeguard is applied
- g. Who applies the safeguard

.22 There are three broad categories of safeguards. The relative importance of a safeguard depends on its appropriateness in light of the facts and circumstances.

- a. Safeguards created by the profession, legislation, or regulation
- b. Safeguards implemented by the attest client
- c. Safeguards implemented by the firm, including policies and procedures to implement professional and regulatory requirements

.23 Examples of various safeguards within each category are presented in the following paragraphs. The examples are not intended to be all-inclusive and, conversely, the examples of safeguards implemented by the attest client and within the firm's own systems and procedures may not all be present in each instance. In addition, threats may be sufficiently mitigated through the application of other safeguards not specifically identified herein.

.24 *Examples of safeguards created by the profession, legislation, or regulation*

- a. Education and training requirements on independence and ethics rules for new professionals
- b. Continuing education requirements on independence and ethics
- c. Professional standards and monitoring and disciplinary processes
- d. External review of a firm's quality control system
- e. Legislation governing the independence requirements of the firm
- f. Competency and experience requirements for professional licensure

.25 *Examples of safeguards implemented by the attest client that would operate in combination with other safeguards*

- a. The attest client has personnel with suitable skill, knowledge, and/or experience who make managerial decisions with respect to the delivery of nonattest services by the member to the attest client
- b. A tone at the top that emphasizes the attest client's commitment to fair financial reporting
- c. Policies and procedures that are designed to achieve fair financial reporting
- d. A governance structure, such as an active audit committee, that is designed to ensure appropriate decision making, oversight, and communications regarding a firm's services

- e. Policies that dictate the types of services that the entity can hire the audit firm to provide without causing the firm's independence to be considered impaired

.26 Examples of safeguards implemented by the firm

- a. Firm leadership that stresses the importance of independence and the expectation that members of attest engagement teams will act in the public interest
- b. Policies and procedures that are designed to implement and monitor quality control in attest engagements
- c. Documented independence policies regarding the identification of threats to independence, the evaluation of the significance of those threats, and the identification and application of safeguards that can eliminate the threats or reduce them to an acceptable level
- d. Internal policies and procedures that are designed to monitor compliance with the firm's independence policies and procedures
- e. Policies and procedures that are designed to identify interests or relationships between the firm or its partners and professional staff and attest clients
- f. The use of different partners and engagement teams that have separate reporting lines in the delivery of permitted nonattest services to an attest client, particularly when the separation between reporting lines is significant
- g. Training on and timely communication of a firm's policies and procedures, and any changes to them, for all partners and professional staff
- h. Policies and procedures that are designed to monitor the firm or partner's reliance on revenue from a single client and, if necessary, cause action to be taken to address excessive reliance
- i. Designating someone from senior management as the person who is responsible for overseeing the adequate functioning of the firm's quality control system
- j. A means of informing partners and professional staff of attest clients and related entities from which they must be independent
- k. A disciplinary mechanism that is designed to promote compliance with policies and procedures
- l. Policies and procedures that are designed to empower staff to communicate to senior members of the firm any engagement issues that concern them without fear of retribution
- m. Policies and procedures relating to independence communications with audit committees or others charged with client governance
- n. Discussing independence issues with the audit committee or others responsible for the client's governance
- o. Disclosures to the audit committee (or others responsible for the client's governance) regarding the nature of the services that are or will be provided and the extent of the fees charged or to be charged
- p. The involvement of another professional accountant who (1) reviews the work that is done for an attest client or (2) otherwise advises the attest engagement team. (This individual could be someone from outside the firm or someone from within the firm who is not otherwise associated with the attest engagement.)
- q. Consultation on engagement issues with an interested third party, such as a committee of independent directors, a professional regulatory body, or another professional accountant
- r. Rotation of senior personnel who are part of the attest engagement team
- s. Policies and procedures that are designed to ensure that members of the attest engagement team do not make or assume responsibility for management decisions for the attest client
- t. The involvement of another firm to perform part of the attest engagement
- u. The involvement of another firm to reperform a nonattest service to the extent necessary to enable it to take responsibility for that service
- v. The removal of an individual from an attest engagement team when that individual's financial interests or relationships pose a threat to independence
- w. A consultation function that is staffed with experts in accounting, auditing, independence, and reporting matters who can help attest engagement teams (1) assess issues when guidance is unclear, or when the issues are highly technical or require a great deal of judgment and (2) resist undue pressure from a client when the engagement team disagrees with the client about such issues

- x. Client acceptance and continuation policies that are designed to prevent association with clients that pose an unacceptable threat to the member's independence
- y. Policies that preclude audit partners from being directly compensated for selling nonattest services to the audit client

[Issued April 2006, effective April 30, 2007, with earlier application encouraged, by the Professional Ethics Executive Committee.]

International Ethics Standards Board of Accountants: Code of Ethics for Professional Accountants
Conceptual Framework Discussion of Threats and Safeguards

Conceptual Framework Approach

- 100.6 The circumstances in which professional accountants operate may create specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates threats to compliance with the fundamental principles and specify the appropriate action. In addition, the nature of engagements and work assignments may differ and, consequently, different threats may be created, requiring the application of different safeguards. Therefore, this Code establishes a conceptual framework that requires a professional accountant to identify, evaluate, and address threats to compliance with the fundamental principles. The conceptual framework approach assists professional accountants in complying with the ethical requirements of this Code and meeting their responsibility to act in the public interest. It accommodates many variations in circumstances that create threats to compliance with the fundamental principles and can deter a professional accountant from concluding that a situation is permitted if it is not specifically prohibited.
- 100.7 When a professional accountant identifies threats to compliance with the fundamental principles and, based on an evaluation of those threats, determines that they are not at an acceptable level, the professional accountant shall determine whether appropriate safeguards are available and can be applied to eliminate the threats or reduce them to an acceptable level. In making that determination, the professional accountant shall exercise professional judgment and take into account whether a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at the time, would be likely to conclude that the threats would be eliminated or reduced to an acceptable level by the application of the safeguards, such that compliance with the fundamental principles is not compromised.
- 100.8 A professional accountant shall evaluate any threats to compliance with the fundamental principles when the professional accountant knows, or could reasonably be expected to know, of circumstances or relationships that may compromise compliance with the fundamental principles.
- 100.9 A professional accountant shall take qualitative as well as quantitative factors into account when evaluating the significance of a threat. When applying the conceptual framework, a professional accountant may encounter situations in which threats cannot be eliminated or reduced to an acceptable level, either because the threat is too significant or because appropriate safeguards are not available or cannot be applied. In such situations, the professional accountant shall decline or discontinue the specific professional service involved or, when necessary, resign from the engagement (in the case of a professional accountant in public practice) or the employing organization (in the case of a professional accountant in business).
- 100.10 A professional accountant may inadvertently violate a provision of this Code. Depending on the nature and significance of the matter, such an inadvertent violation may be deemed not to compromise compliance with the fundamental principles provided, once the violation is discovered, the violation is corrected promptly and any necessary safeguards are applied.
- 100.11 When a professional accountant encounters unusual circumstances in which the application of a specific requirement of the Code would result in a disproportionate outcome or an outcome that may not be in the public interest, it is recommended that the professional accountant consult with a member body or the relevant regulator.

Threats and Safeguards

- 100.12 Threats may be created by a broad range of relationships and circumstances. When a relationship or circumstance creates a threat, such a threat could compromise, or could be perceived to compromise, a

professional accountant's compliance with the fundamental principles. A circumstance or relationship may create more than one threat, and a threat may affect compliance with more than one fundamental principle. Threats fall into one or more of the following categories:

- (a) Self-interest threat — the threat that a financial or other interest will inappropriately influence the professional accountant's judgment or behavior;
- (b) Self-review threat — the threat that a professional accountant will not appropriately evaluate the results of a previous judgment made or service performed by the professional accountant, or by another individual within the professional accountant's firm or employing organization, on which the accountant will rely when forming a judgment as part of providing a current service;
- (c) Advocacy threat — the threat that a professional accountant will promote a client's or employer's position to the point that the professional accountant's objectivity is compromised;
- (d) Familiarity threat — the threat that due to a long or close relationship with a client or employer, a professional accountant will be too sympathetic to their interests or too accepting of their work; and
- (e) Intimidation threat — the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant.

Parts B and C of this Code explain how these categories of threats may be created for professional accountants in public practice and professional accountants in business, respectively. Professional accountants in public practice may also find Part C relevant to their particular circumstances.

100.13 Safeguards are actions or other measures that may eliminate threats or reduce them to an acceptable level. They fall into two broad categories:

- (a) Safeguards created by the profession, legislation or regulation; and
- (b) Safeguards in the work environment.

100.14 Safeguards created by the profession, legislation or regulation include:

- Educational, training and experience requirements for entry into the profession.
- Continuing professional development requirements.
- Corporate governance regulations.
- Professional standards.
- Professional or regulatory monitoring and disciplinary procedures.
- External review by a legally empowered third party of the reports, returns, communications or information produced by a professional accountant.

100.15 Parts B and C of this Code discuss safeguards in the work environment for professional accountants in public practice and professional accountants in business, respectively.

100.16 Certain safeguards may increase the likelihood of identifying or deterring unethical behavior. Such safeguards, which may be created by the accounting profession, legislation, regulation, or an employing organization, include:

- Effective, well-publicized complaint systems operated by the employing organization, the profession or a regulator, which enable colleagues, employers and members of the public to draw attention to unprofessional or unethical behavior.
- An explicitly stated duty to report breaches of ethical requirements.

Ethical Conflict Resolution

100.17 A professional accountant may be required to resolve a conflict in complying with the fundamental principles.

100.18 When initiating either a formal or informal conflict resolution process, the following factors, either individually or together with other factors, may be relevant to the resolution process:

- (a) Relevant facts;
- (b) Ethical issues involved;
- (c) Fundamental principles related to the matter in question;
- (d) Established internal procedures; and
- (e) Alternative courses of action.

Having considered the relevant factors, a professional accountant shall determine the appropriate course of action, weighing the consequences of each possible course of action. If the matter remains unresolved, the professional accountant may wish to consult with other appropriate persons within the firm or employing organization for help in obtaining resolution.

100.19 Where a matter involves a conflict with, or within, an organization, a professional accountant shall determine whether to consult with those charged with governance of the organization, such as the board of directors or the audit committee.

100.20 It may be in the best interests of the professional accountant to document the substance of the issue, the details of any discussions held, and the decisions made concerning that issue.

100.21 If a significant conflict cannot be resolved, a professional accountant may consider obtaining professional advice from the relevant professional body or from legal advisors. The professional accountant generally can obtain guidance on ethical issues without breaching the fundamental principle of confidentiality if the matter is discussed with the relevant professional body on an anonymous basis or with a legal advisor under the protection of legal privilege. Instances in which the professional accountant may consider obtaining legal advice vary. For example, a professional accountant may have encountered a fraud, the reporting of which could breach the professional accountant's responsibility to respect confidentiality. The professional accountant may consider obtaining legal advice in that instance to determine whether there is a requirement to report.

100.22 If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, a professional accountant shall, where possible, refuse to remain associated with the matter creating the conflict. The professional accountant shall determine whether, in the circumstances, it is appropriate to withdraw from the engagement team or specific assignment, or to resign altogether from the engagement, the firm or the employing organization.

Appendix C-1
International Ethical Standard on Audit Fees

SECTION 240

Fees and Other Types of Remuneration

- 240.1 When entering into negotiations regarding professional services, a professional accountant in public practice may quote whatever fee is deemed appropriate. The fact that one professional accountant in public practice may quote a fee lower than another is not in itself unethical. Nevertheless, there may be threats to compliance with the fundamental principles arising from the level of fees quoted. For example, a self-interest threat to professional competence and due care is created if the fee quoted is so low that it may be difficult to perform the engagement in accordance with applicable technical and professional standards for that price.
- 240.2 The existence and significance of any threats created will depend on factors such as the level of fee quoted and the services to which it applies. The significance of any threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. Examples of such safeguards include:
- Making the client aware of the terms of the engagement and, in particular, the basis on which fees are charged and which services are covered by the quoted fee.
 - Assigning appropriate time and qualified staff to the task.

Appendix C-2
Texas Statute on Independence and Performing Audits at Less Than Direct Cost

Texas Rule on Loss Audits and Independence

Sec. 901.458. LOSS OF INDEPENDENCE.

(a) In this section, "direct labor cost" means:

- (1) the total compensation paid to a person who performs services; and
- (2) the employer payroll expenses related to that compensation, including workers' compensation insurance premiums, social security contributions, costs of participating in retirement plans, group insurance costs, and unemployment taxes.

(b) A person creates a presumption of loss of independence if the person:

- (1) holds a certificate or firm license issued under this chapter; and
- (2) performs or offers to perform an attest service for compensation that is less than the direct labor cost reasonably expected to be incurred in performing the service.

(c) This section does not apply to the donation of services to a charitable organization as defined by board rule.

**Appendix C-3
North Carolina Rule on Competitive Bidding**

21 NCAC 08N .0407 COMPETITIVE BIDDING

Regarding an invitation for competitive bids on attest services, it shall be discreditable for a CPA or CPA firm to knowingly offer to perform said services below cost for the purposes of injuring or destroying competition; provided, it shall not be a violation to do so in order to meet competition. Nothing herein shall be construed to prohibit competitive bidding nor establish a minimum price of any CPA service.