



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

301 E. 14th Street, Suite 200
Sioux Falls, SD 57104
(605) 367-5770 / Fax: (605) 367-5773
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www.state.sd.us/dol/boards/accountancy

Agenda
South Dakota Board of Accountancy Meeting
Department of Legislative Audit
Pierre SD
8:30 a.m. (CT)
May 21, 2010

A=Action
D=Discussion
I=Information

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| 10:00 Public Rules Hearing..... | 20-54 |
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| D-Ethics Codification Project..... | 55-56 |
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| D-Nominations Support Letters | |
| Ted Lodden, Central Regional Director, support from Kansas..... | 57 |
| Ted Lodden, Central Regional Director, support from Nebraska..... | 58 |
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| E. Kent Smoll, Director at Large, support from Kansas..... | 60 |
| Leonard Sanchez, Director at Large, support from New Mexico..... | 61-62 |
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| FUTURE MEETING DATES (all times CDT) | |
| June 17 – 10:00 Conference call | |
| July 12 – 9:00 Conference call | |



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South Dakota Board of Accountancy
Minutes of Meeting
Conference Call
9:00 a.m. (CT)
April 19, 2010

The Board of Accountancy held a meeting by conference call on Friday, April 19, 2010. Chair Holly Brunick called the meeting to order at 9:11 a.m.

The following members were present: 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:

Addition to Certificates

A motion was made by Marty Guindon and seconded by John Mitchell to approve the March 19, 2010, meeting minutes. The motion unanimously carried.

A motion was made by David Olson and seconded by John Linn, Jr. to approve the issuance of individual certificates through April 16, 2010. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by David Olson to approve the financial statements through March 31, 2010. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by John Peterson to approve the CPA Exam scores for the 24th CPA Exam window through March 2010. The motion unanimously carried.

Nicole Kasin explained to the Board the report on the Grade Release Policy. Kasin proposed the new policy to have NASBA email our candidates their advisory score, with the official score to be mailed by the board office to the candidates. If a candidate has not submitted official transcripts or owes the board money, the advisory score email for the candidate will not be sent. The Board was in favor of the policy change.

The Board reviewed and discussed the possible rule updates for the Rules Hearing on May 21, 2010.

The Board briefly discussed the NASBA Awards Committee Nominations and the 2010 Awards Criteria.

The Board took no action on the request from M. Mickelson from Iowa for the NASBA Nominating Committee support.

A motion was made by David Olson and seconded by John Mitchell to support Ted Lodden from Iowa for NASBA Central Region Director. The motion unanimously carried.

Todd Kolden left the meeting at 9:50 a.m.

A motion was made by David Olson and seconded by John Linn, Jr. to enter into executive session for the purpose of discussing peer review and disciplinary actions. The motion unanimously carried.

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. The motion unanimously carried.

Future meeting dates were discussed and set as follows (in CDT):
May 21, 2010-Department of Legislative Audit, Pierre, SD 8:30 a.m.
June 17, 2010-Conference Call 10:00 a.m.
July 12, 2010-Conference Call 9:00 a.m.


David Olson referenced back to the grade report and the overall average of the grades being low at 70. Nicole Kasin stated that NASBA produces the Candidate Performance book and she would bring it to the May meeting. The Board agreed that they would like to see a rolling average of stats for the past 2 years on the grade report.

A motion was made by Marty Guindon and seconded John Peterson to adjourn the meeting. The motion unanimously carried.

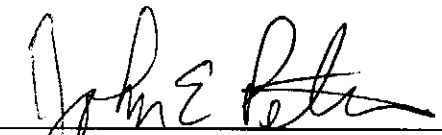
All business having come before the board was concluded and Chair Holly Brunick adjourned the meeting at 10:21 a.m.



Holly Brunick, CPA, Chair

Attest: 

Nicole Kasin, Executive Director



John Peterson, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through May 17, 2010

| Number | Name | Date Issued | Location |
|---------------|-----------------------|--------------------|-----------------|
| 2932 | Joshua M. Soodsma | 4/22/10 | Sioux Falls, SD |
| 2933 | Stacey Joann Hamilton | 4/29/10 | Brookings, SD |
| 2934 | Ximin Liu | 5/7/10 | Stamford, CT |
| 2796 | Rachel Michele Buse | 1/31/08 | Sioux Falls, SD |
| 928 | John William Stewart | 7/01/83 | Carmel, IN |

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

**Issued Through
May 17, 2010**

| Number | Name | Date Issued | Basis/Comments |
|---------------|----------------------------------------------------------|--------------------|-----------------------|
| 1474 | Ernst & Young LLP McLean, VA | 5/03/10 | Additional Location |
| 1475 | Empire Accounting & Financial Services Rapid City, SD | 5/10/10 | New Firm |

AGENCY: 10 LABOR
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

| COMPANY | CENTER | ACCOUNT | BALANCE | DR/CR | CENTER DESCRIPTION |
|--------------------------------|--------------|---------|------------|--------|----------------------|
| 6503 | 103100061802 | 1140000 | 277,068.60 | DR | BOARD OF ACCOUNTANCY |
| COMPANY/SOURCE TOTAL 6503 618 | | | 277,068.60 | DR * | |
| COMP/BUDG UNIT TOTAL 6503 1031 | | | 277,068.60 | DR ** | |
| BUDGET UNIT TOTAL 1031 | | | 277,068.60 | DR *** | |

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

| COMP | CENTER | ACCOUNT | DOCUMENT NUMBER | POSTING DATE | JV APPVL # OR PAYMENT # | SHORT NAME | VENDOR NUMBER | VENDOR GROUP | AMOUNT | DR/CR |
|-----------------------------------------------------------------|--------------|----------|-----------------|--------------|-------------------------|------------|---------------|--------------|-----------|--------|
| COMPANY NO 6503 COMPANY NAME PROFESSIONAL & LICENSING BOARDS | | | | | | | | | | |
| 6503 | 103100061802 | 51010100 | CGEX100327 | 04/01/2010 | | | | | 3,083.26 | DR |
| 6503 | 103100061802 | 51010100 | CGEX100414 | 04/16/2010 | | | | | 3,094.07 | DR |
| 6503 | 103100061802 | 51010100 | CGEX100428 | 04/30/2010 | | | | | 2,729.76 | DR |
| OBJSUB: 5101010 F-T EMP SAL & WAGES | | | | | | | | | | |
| 6503 | 103100061802 | 51010200 | CGEX100327 | 04/01/2010 | | | | | 8,907.09 | DR * |
| 6503 | 103100061802 | 51010200 | CGEX100414 | 04/16/2010 | | | | | 760.63 | DR |
| 6503 | 103100061802 | 51010200 | CGEX100428 | 04/30/2010 | | | | | 768.72 | DR |
| 6503 | 103100061802 | 51010200 | CGEX100428 | 04/30/2010 | | | | | 747.13 | DR |
| OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES | | | | | | | | | | |
| 6503 | 103100061802 | 51010300 | CGEX100327 | 04/01/2010 | | | | | 2,276.48 | DR * |
| 6503 | 103100061802 | 51010300 | CGEX100428 | 04/30/2010 | | | | | 240.00 | DR |
| 6503 | 103100061802 | 51010300 | CGEX100428 | 04/30/2010 | | | | | 240.00 | DR |
| OBJSUB: 5101030 BOARD & COMM MERS FEES | | | | | | | | | | |
| OBJECT: 5101 EMPLOYEE SALARIES | | | | | | | | | | |
| 6503 | 103100061802 | 51020100 | CGEX100327 | 04/01/2010 | | | | | 11,663.57 | DR ** |
| 6503 | 103100061802 | 51020100 | CGEX100414 | 04/16/2010 | | | | | 299.35 | DR |
| 6503 | 103100061802 | 51020100 | CGEX100428 | 04/30/2010 | | | | | 282.43 | DR |
| 6503 | 103100061802 | 51020100 | CGEX100428 | 04/30/2010 | | | | | 271.27 | DR |
| OBJSUB: 5102010 OASI-EMPLOYER'S SHARE | | | | | | | | | | |
| 6503 | 103100061802 | 51020200 | CGEX100327 | 04/01/2010 | | | | | 853.05 | DR * |
| 6503 | 103100061802 | 51020200 | CGEX100414 | 04/16/2010 | | | | | 230.64 | DR |
| 6503 | 103100061802 | 51020200 | CGEX100428 | 04/30/2010 | | | | | 231.76 | DR |
| 6503 | 103100061802 | 51020200 | CGEX100428 | 04/30/2010 | | | | | 208.62 | DR |
| OBJSUB: 5102020 RETIREMENT-ER SHARE | | | | | | | | | | |
| 6503 | 103100061802 | 51020600 | CGEX100327 | 04/01/2010 | | | | | 671.02 | DR * |
| 6503 | 103100061802 | 51020600 | CGEX100414 | 04/16/2010 | | | | | 721.62 | DR |
| 6503 | 103100061802 | 51020600 | CGEX100428 | 04/30/2010 | | | | | 721.62 | DR |
| 6503 | 103100061802 | 51020600 | CGEX100428 | 04/30/2010 | | | | | 721.62 | DR |
| OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE | | | | | | | | | | |
| 6503 | 103100061802 | 51020800 | CGEX100327 | 04/01/2010 | | | | | 2,164.86 | DR * |
| 6503 | 103100061802 | 51020800 | CGEX100414 | 04/16/2010 | | | | | 1.93 | DR |
| 6503 | 103100061802 | 51020800 | CGEX100428 | 04/30/2010 | | | | | 1.93 | DR |
| 6503 | 103100061802 | 51020800 | CGEX100428 | 04/30/2010 | | | | | 1.74 | DR |
| OBJSUB: 5102080 WORKER'S COMPENSATION | | | | | | | | | | |
| 6503 | 103100061802 | 51020900 | CGEX100327 | 04/01/2010 | | | | | 5.60 | DR * |
| 6503 | 103100061802 | 51020900 | CGEX100414 | 04/16/2010 | | | | | 2.50 | DR |
| 6503 | 103100061802 | 51020900 | CGEX100428 | 04/30/2010 | | | | | 2.52 | DR |
| 6503 | 103100061802 | 51020900 | CGEX100428 | 04/30/2010 | | | | | 2.27 | DR |
| OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION | | | | | | | | | | |
| OBJECT: 5102 EMPLOYEE BENEFITS | | | | | | | | | | |
| GROUP: 51 PERSONAL SERVICES | | | | | | | | | | |
| 6503 | 103100061802 | 52032600 | CGEX100408 | 04/09/2010 | 508906 | | | | 7.29 | DR * |
| 6503 | 103100061802 | 52032600 | CGEX100408 | 04/09/2010 | 508906 | | | | 3,701.82 | DR ** |
| 6503 | 103100061802 | 52032800 | CGEX100408 | 04/09/2010 | 508906 | | | | 15,365.39 | DR *** |
| 6503 | 103100061802 | 52032800 | CGEX100408 | 04/09/2010 | 508906 | | | | 449.30 | DR |
| 6503 | 103100061802 | 52032800 | CGEX100408 | 04/09/2010 | 508906 | | | | 60.00 | DR |

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

| COMP | CENTER | ACCOUNT | DOCUMENT NUMBER | POSTING DATE | JV APPVL # OR PAYMENT # | SHORT NAME | VENDOR NUMBER | VENDOR GROUP | AMOUNT | DR/CR |
|------|--------------|----------|---------------------------|--------------|-------------------------|------------|---------------|--------------|----------|-------|
| 6503 | 103100061802 | 52032800 | CSEX100415 | 04/16/2010 | 512138 | | | | 59.50 | DR |
| | OBJSUB: | 5203280 | OTHER-PUBLIC-OUT-OF-STATE | | | | | | | |
| 6503 | 103100061802 | 52033000 | CSEX100408 | 04/09/2010 | 508906 | | | | 119.50 | DR * |
| 6503 | 103100061802 | 52033000 | CSEX100415 | 04/16/2010 | 512138 | | | | 888.40 | DR |
| | OBJSUB: | 5203300 | LODGING/OUT-OF-STATE | | | | | | | |
| 6503 | 103100061802 | 52033200 | CSEX100408 | 04/09/2010 | 508906 | | | | 1,337.95 | DR * |
| 6503 | 103100061802 | 52033200 | CSEX100415 | 04/16/2010 | 512138 | | | | 80.00 | DR |
| | OBJSUB: | 5203320 | INCIDENTALS-OUT-OF-STATE | | | | | | | |
| 6503 | 103100061802 | 52033500 | CSEX100408 | 04/09/2010 | 508906 | | | | 130.00 | DR * |
| 6503 | 103100061802 | 52033500 | CSEX100415 | 04/16/2010 | 512138 | | | | 148.00 | DR |
| | OBJSUB: | 5203350 | NON-TAXABLE MEALS/OUT-ST | | | | | | | |
| 6503 | 103100061802 | 52040100 | TRAVEL 12584362 | 04/30/2010 | 99614976 | PRACTITION | 12119109 | 01 | 237.00 | DR * |
| | OBJSUB: | 5204010 | SUBSCRIPTIONS | | | | | | 2,273.75 | DR ** |
| 6503 | 103100061802 | 52041800 | DP003101 | 04/30/2010 | | | | | 204.50 | DR |
| | OBJSUB: | 5204180 | COMPUTER SERVICES-STATE | | | | | | | |
| 6503 | 103100061802 | 52042000 | FL003052 | 04/30/2010 | | | | | 45.00 | DR * |
| 6503 | 103100061802 | 52042000 | RM003004 | 04/16/2010 | | | | | 95.39 | DR |
| | OBJSUB: | 5204200 | CENTRAL SERVICES | | | | | | 45.76 | DR |
| 6503 | 103100061802 | 52042200 | 50040 | 04/23/2010 | 01922775 | BESTBUSINE | 12031022 | | 141.15 | DR * |
| | OBJSUB: | 5204220 | EQUIPMENT SERV & MAINT | | | | | | 4.57 | DR |
| 6503 | 103100061802 | 52042300 | 10SC100032 APR10 | 04/23/2010 | 99612654 | SUNSETOFFI | 12043890 | | 117.00 | DR * |
| | OBJSUB: | 5204230 | JANITORIAL & MAINT SERV | | | | | | | |
| 6503 | 103100061802 | 52044400 | 33063 | 04/30/2010 | 99614086 | BUSINESSPR | 12003048 | | 117.00 | DR * |
| | OBJSUB: | 5204440 | NEWSLETTER PUBLISHING | | | | | | 27.60 | DR |
| 6503 | 103100061802 | 52044600 | 50040 | 04/23/2010 | 01922775 | BESTBUSINE | 12031022 | | 27.60 | DR * |
| | OBJSUB: | 5204460 | EQUIPMENT RENTAL | | | | | | 93.60 | DR |
| 6503 | 103100061802 | 52044900 | ACCCOUNTRENT10 | 04/23/2010 | 01923171 | MCGINNISRO | 12074040 | | 93.60 | DR * |
| | OBJSUB: | 5204490 | RENTS-PRIVATE OWNED PROP. | | | | | | | |
| 6503 | 103100061802 | 52045300 | TL003161 | 04/14/2010 | | | | | 1,269.45 | DR * |
| 6503 | 103100061802 | 52045300 | 111109001 APR10 | 04/23/2010 | 99612396 | MIDCONTINE | 12023782 | | 68.16 | DR |
| | OBJSUB: | 5204530 | TELECOMMUNICATIONS SRVCS | | | | | | 95.00 | DR |
| 6503 | 103100061802 | 52045400 | 5159417006 MAR10 | 04/07/2010 | 01921378 | XCELENERGY | 12023853 | | 163.16 | DR * |
| | OBJSUB: | 5204540 | ELECTRICITY | | | | | | 64.14 | DR |
| 6503 | 103100061802 | 52045600 | 63961 | 04/30/2010 | 99614513 | ECOWATER | 12035896 | | 64.14 | DR * |
| | OBJSUB: | 5204560 | | | | | | | 23.35 | DR |

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

| COMP | CENTER | ACCOUNT | DOCUMENT NUMBER | POSTING DATE | JV APPVL #, OR PAYMENT # | SHORT NAME | VENDOR NUMBER | VENDOR GROUP | AMOUNT | DR/ CR |
|------|--------------|------------------------------------|-----------------|--------------|-----------------------------|------------|---------------|--------------|-----------|-----------|
| 6503 | 103100061802 | 5204560 WATER | CI100A-084 | 04/14/2010 | 020879 | | | | 23.35 | DR * |
| | | | | | | | | | 31.00 | DR |
| 6503 | 103100061802 | 5204740 BANK FEES AND CHARGES | 13289141 | 04/21/2010 | 99611266 | NATLASSNST | 12005047 | | 31.00 | DR * |
| | | | | | | | | | 798.20 | DR |
| 6503 | 103100061802 | 52050200 OTHER CONTRACTUAL SERVICE | CS003045 | 04/14/2010 | | | | | 798.20 | DR * |
| | | | | | | | | | 2,982.72 | DR ** |
| | | | | | | | | | 23.13 | DR |
| | | | | | | | | | 23.13 | DR * |
| | | | | | | | | | 23.13 | DR ** |
| 6503 | 103100061802 | 52079600 SUPPLIES & MATERIALS | 16171 | 04/21/2010 | 99567654 | ELBOCOMPUT | 12124520 | | 147.50 | CR |
| | | | | | | | | | 199.00 | CR |
| 6503 | 103100061802 | 5207960 COMPUTER SOFTWARE | 16171 | 04/21/2010 | 99567654 | ELBOCOMPUT | 12124520 | | 346.50 | CR * |
| | | | | | | | | | 147.50 | DR |
| | | | | | | | | | 199.00 | DR |
| 6503 | 103100061802 | 5207961 COMPUTER SOFTWARE | TI00-184 | 04/14/2010 | | | | | 346.50 | DR * |
| | | | | | | | | | .00 | ** |
| | | | | | | | | | 539.50 | DR |
| | | | | | | | | | 539.50 | DR * |
| | | | | | | | | | 539.50 | DR ** |
| | | | | | | | | | 5,819.10 | DR *** |
| | | | | | | | | | 21,184.49 | DR **** |
| | | | | | | | | | 21,184.49 | DR ***** |
| | | | | | | | | | 21,184.49 | DR ***** |

B. UNIT: 1031

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

| | Apr 30, 10 |
|------------------------------------------|-------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1130000 · Local Checking - US Bank | 1,344.38 |
| 1140000 · Pool Cash State of SD | 277,068.60 |
| Total Checking/Savings | 278,412.98 |
| Total Current Assets | 278,412.98 |
| Fixed Assets | |
| 1670000 · Computer Software | |
| Original Cost | 140,063.23 |
| 1770000 · Depreciation | -78,705.29 |
| Total 1670000 · Computer Software | 61,357.94 |
| Total Fixed Assets | 61,357.94 |
| TOTAL ASSETS | 339,770.92 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2110000 · Accounts Payable | 7,935.19 |
| Total Accounts Payable | 7,935.19 |
| Other Current Liabilities | |
| 2810000 · Amounts Held for Others | 19,898.15 |
| Total Other Current Liabilities | 19,898.15 |
| Total Current Liabilities | 27,833.34 |
| Long Term Liabilities | |
| 2960000 · Compensated Absences Payable | 10,038.53 |
| Total Long Term Liabilities | 10,038.53 |
| Total Liabilities | 37,871.87 |
| Equity | |
| 3220000 · Unrestricted Net Assets | 195,000.80 |
| 3300100 · Invested In Capital Assets | 61,357.94 |
| 3900 · Retained Earnings | 17,421.83 |
| Net Income | 28,118.48 |
| Total Equity | 301,899.05 |
| TOTAL LIABILITIES & EQUITY | 339,770.92 |

South Dakota Board of Accountancy

Profit & Loss Budget vs. Actual

July 2009 through April 2010

| | Jul '09 - Apr 10 | Budget | \$ Over Budget | % of Budget |
|-------------------------------------------------------|-------------------|-------------------|-------------------|---------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4293550 · Initial Individual Certificate | | | | |
| 5208001 · Refunds | -25.00 | | | |
| 4293550 · Initial Individual Certificate - Other | 3,165.00 | 2,500.00 | 665.00 | 126.6% |
| Total 4293550 · Initial Individual Certificate | 3,140.00 | 2,500.00 | 640.00 | 125.6% |
| 4293551 · Certificate Renewals-Active | 54,350.00 | 62,000.00 | -7,650.00 | 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 | 950.00 | 1,500.00 | -550.00 | 63.3% |
| 4293555 · Firm Permit Renewals | | | | |
| 5208004 · REFUNDS | -50.00 | | | |
| 4293555 · Firm Permit Renewals - Other | 19,650.00 | 20,350.00 | -700.00 | 96.6% |
| Total 4293555 · Firm Permit Renewals | 19,600.00 | 20,350.00 | -750.00 | 96.3% |
| 4293557 · Initial Audit | | | | |
| 5208011 · REFUNDS | -30.00 | | | |
| 4293557 · Initial Audit - Other | 300.00 | 580.00 | -280.00 | 51.7% |
| Total 4293557 · Initial Audit | 270.00 | 580.00 | -310.00 | 46.6% |
| 4293558 · Re-Exam Audit | 1,620.00 | 1,660.00 | -40.00 | 97.6% |
| 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 | 5,900.00 | 6,000.00 | -100.00 | 98.3% |
| Total 4293561 · Late Fees-Certificate Renewals | 5,850.00 | 6,000.00 | -150.00 | 97.5% |
| 4293563 · Late Fees-Firm Permit Renewals | 800.00 | 800.00 | 0.00 | 100.0% |
| 4293564 · Late Fees-Peer Review | 650.00 | 1,050.00 | -400.00 | 61.9% |
| 4293566 · Firm Permit Individual | | | | |
| 5208003 · REFUNDS | -260.00 | | | |
| 4293566 · Firm Permit Individual - Other | 67,185.00 | 67,000.00 | 185.00 | 100.3% |
| Total 4293566 · Firm Permit Individual | 66,925.00 | 67,000.00 | -75.00 | 99.9% |
| 4293567 · Peer Review Admin Fee | 1,125.00 | 6,100.00 | -4,975.00 | 18.4% |
| 4293568 · Firm Permit Name Change | 130.00 | 400.00 | -270.00 | 32.5% |
| 4293569 · Initial FAR | 690.00 | 690.00 | 0.00 | 100.0% |
| 4293570 · Initial REG | 540.00 | 380.00 | 160.00 | 142.1% |
| 4293571 · Initial BEC | 780.00 | 670.00 | 110.00 | 116.4% |
| 4293572 · Re-Exam FAR | 1,350.00 | 1,540.00 | -190.00 | 87.7% |
| 4293573 · Re-Exam REG | 1,620.00 | 1,680.00 | -60.00 | 96.4% |
| 4293574 · Re-Exam BEC | 1,650.00 | 2,020.00 | -370.00 | 81.7% |
| 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 | 200,384.98 | 212,520.00 | -12,135.02 | 94.3% |
| Expense | | | | |
| 5101010 · F-T Emp Sal & Wages | 53,340.14 | 66,239.00 | -12,898.86 | 80.5% |
| 5101020 · P-T/Temp Emp Sal & Wages | 14,961.83 | 19,380.00 | -4,418.17 | 77.2% |
| 5101030 · Board & Comm Mbrs Fees | 2,880.00 | 4,020.00 | -1,140.00 | 71.6% |
| 5102010 · OASI-Employer's Share | 5,165.67 | 6,549.00 | -1,383.33 | 78.9% |
| 5102020 · Retirement-ER Share | 4,098.16 | 5,147.00 | -1,048.84 | 79.6% |
| 5102060 · Health /Life Ins.-ER Share | 14,107.67 | 16,869.00 | -2,761.33 | 83.6% |
| 5102080 · Worker's Compensation | 46.04 | 133.00 | -86.96 | 34.6% |
| 5102090 · Unemployment Insurance | 44.48 | 25.00 | 19.48 | 177.9% |
| 5203010 · Auto--State Owned | 158.90 | 500.00 | -341.10 | 31.8% |
| 5203020 · Auto-Private-Ownes Low Mileage | 361.60 | 150.00 | 211.60 | 241.1% |
| 5203030 · In State-Auto- Priv. High Miles | 446.96 | 2,100.00 | -1,653.04 | 21.3% |

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

| | Jul '09 - Apr 10 | Budget | \$ Over Budget | % of Budget |
|-------------------------------------------|-------------------|-------------------|-------------------|----------------|
| 5203100 · In State-Lodging | 189.96 | 1,000.00 | -810.04 | 19.0% |
| 5203120 · In State-Incidentals to Travel | 0.00 | 100.00 | -100.00 | 0.0% |
| 5203140 · InState-Tax Meals Not OverNigt | 9.00 | 100.00 | -91.00 | 9.0% |
| 5203150 · InState-Non-Tax Meals OverNight | 192.00 | 500.00 | -308.00 | 38.4% |
| 5203230 · OS-Auto Private High Mllege | 0.00 | 100.00 | -100.00 | 0.0% |
| 5203260 · OS-Air Commercial Carrier | 3,327.18 | 6,700.00 | -3,372.82 | 49.7% |
| 5203280 · OS-Other Public Carrier | 402.00 | 500.00 | -98.00 | 80.4% |
| 5203300 · OS-Lodging | 5,436.15 | 7,800.00 | -2,363.85 | 69.7% |
| 5203320 · OS-Incidentals to Travel | 330.00 | 200.00 | 130.00 | 165.0% |
| 5203350 · OS-Non-Taxable Meals Overnight | 692.00 | 1,000.00 | -308.00 | 69.2% |
| 5204010 · Subscriptions | 556.34 | 1,000.00 | -443.66 | 55.6% |
| 5204020 · Dues and Membership Fees | 3,350.00 | 3,900.00 | -550.00 | 85.9% |
| 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 | 405.00 | 1,000.00 | -595.00 | 40.5% |
| 5204181 · Computer Development Serv-State | 5,424.00 | | | |
| 5204200 · Central Services | 5,029.27 | 7,500.00 | -2,470.73 | 67.1% |
| 5204220 · Equipment Service & Maintenance | 53.49 | 500.00 | -446.51 | 10.7% |
| 5204230 · Janitorial/Maintenance Services | 1,170.00 | 1,680.00 | -510.00 | 69.6% |
| 5204340 · Computer Software Maintenance | 230.00 | 1,500.00 | -1,270.00 | 15.3% |
| 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 | 3,656.55 | 6,000.00 | -2,343.45 | 60.9% |
| 5204480 · Microfilm and Photography | 417.38 | 700.00 | -282.62 | 59.6% |
| 5204490 · Rents Privately Owned Property | 12,644.10 | 15,531.00 | -2,886.90 | 81.4% |
| 5204530 · Telecommunications Services | 1,721.58 | 2,500.00 | -778.42 | 68.9% |
| 5204540 · Electricity | 569.94 | 865.00 | -295.06 | 65.9% |
| 5204560 · Water | 116.75 | 240.00 | -123.25 | 48.6% |
| 5204590 · Insurance Premiums/Surety Bonds | 1,530.00 | 1,710.00 | -180.00 | 89.5% |
| 5204740 · Bank Fees and Charges | 1,747.10 | 25.00 | 1,722.10 | 6,988.4% |
| 5204960 · Other Contractual Services | 0.00 | 2,000.00 | -2,000.00 | 0.0% |
| 5205020 · Office Supplies | 985.72 | 2,000.00 | -1,014.28 | 49.3% |
| 5205310 · Printing State | 0.00 | 500.00 | -500.00 | 0.0% |
| 5205320 · Printing/Duplicating/Binding Co | 854.28 | 1,800.00 | -945.72 | 47.5% |
| 5205330 · Supplemental Publications | 598.75 | 700.00 | -101.25 | 85.5% |
| 5205340 · Microfilm Supplles/Materials | 0.00 | 300.00 | -300.00 | 0.0% |
| 5205350 · Postage | 1,999.81 | 3,100.00 | -1,100.19 | 64.5% |
| 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 | 346.50 | 10,000.00 | -9,653.50 | 3.5% |
| 5228000 · Operating Transfers Out-NonBudg | 5,430.03 | 5,000.00 | 430.03 | 108.6% |
| 5228030 · Depreciation Expense | 10,058.60 | | | |
| Total Expense | 172,266.50 | 231,763.00 | -59,496.50 | 74.3% |
| Net Ordinary Income | 28,118.48 | -19,243.00 | 47,361.48 | -146.1% |
| Net Income | 28,118.48 | -19,243.00 | 47,361.48 | -146.1% |

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
April 2010

| | <u>Apr 10</u> | <u>Apr 09</u> | <u>\$ Change</u> | <u>% Change</u> |
|-------------------------------------------|--------------------------|--------------------------|------------------------|---------------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4293550 · Initial Individual Certificate | 125.00 | 25.00 | 100.00 | 400.0% |
| 4293552 · Certificate Renewals-Inactive | 50.00 | 0.00 | 50.00 | 100.0% |
| 4293556 · Notification | 0.00 | 1,050.00 | -1,050.00 | -100.0% |
| 4293557 · Initial Audit | 30.00 | 60.00 | -30.00 | -50.0% |
| 4293558 · Re-Exam Audit | 180.00 | 150.00 | 30.00 | 20.0% |
| 4293561 · Late Fees-Certificate Renewals | 50.00 | 0.00 | 50.00 | 100.0% |
| 4293564 · Late Fees-Peer Review | 250.00 | 50.00 | 200.00 | 400.0% |
| 4293566 · Firm Permit Individual | 260.00 | 365.00 | -105.00 | -28.8% |
| 4293567 · Peer Review Admin Fee | 150.00 | 375.00 | -225.00 | -60.0% |
| 4293568 · Firm Permit Name Change | 0.00 | 25.00 | -25.00 | -100.0% |
| 4293569 · Initial FAR | 60.00 | 150.00 | -90.00 | -60.0% |
| 4293570 · Initial REG | 30.00 | 150.00 | -120.00 | -80.0% |
| 4293571 · Initial BEC | 150.00 | 60.00 | 90.00 | 150.0% |
| 4293572 · Re-Exam FAR | 180.00 | 150.00 | 30.00 | 20.0% |
| 4293573 · Re-Exam REG | 210.00 | 150.00 | 60.00 | 40.0% |
| 4293574 · Re-Exam BEC | 90.00 | 270.00 | -180.00 | -66.7% |
| Total Income | <u>1,815.00</u> | <u>3,030.00</u> | <u>-1,215.00</u> | <u>-40.1%</u> |
| Expense | | | | |
| 5101010 · F-T Emp Sal & Wages | 8,907.09 | 5,707.68 | 3,199.41 | 56.1% |
| 5101020 · P-T/Temp Emp Sal & Wages | 2,276.48 | 1,540.19 | 736.29 | 47.8% |
| 5101030 · Board & Comm Mbrs Fees | 480.00 | 480.00 | 0.00 | 0.0% |
| 5102010 · OASI-Employer's Share | 853.05 | 560.48 | 292.57 | 52.2% |
| 5102020 · Retirement-ER Share | 671.02 | 434.87 | 236.15 | 54.3% |
| 5102060 · Health /Life Ins.-ER Share | 2,164.86 | 1,443.24 | 721.62 | 50.0% |
| 5102080 · Worker's Compensation | 5.60 | 9.43 | -3.83 | -40.6% |
| 5102090 · Unemployment Insurance | 7.29 | 4.72 | 2.57 | 54.5% |
| 5204010 · Subscriptions | 204.50 | 199.50 | 5.00 | 2.5% |
| 5204160 · Workshop Registration Fees | 2,085.00 | 2,025.00 | 60.00 | 3.0% |
| 5204180 · Computer Services-State | 45.00 | 42.00 | 3.00 | 7.1% |
| 5204181 · Computer Development Serv-State | 0.00 | 15,398.40 | -15,398.40 | -100.0% |
| 5204200 · Central Services | 141.15 | 962.28 | -821.13 | -85.3% |
| 5204220 · Equipment Service & Maintenance | 4.57 | 4.21 | 0.36 | 8.6% |
| 5204230 · Janitorial/Maintenance Services | 117.00 | 120.00 | -3.00 | -2.5% |
| 5204360 · Advertising-Newspapers | 1,139.27 | 704.49 | 434.78 | 61.7% |
| 5204460 · Equipment Rental | 595.83 | 779.73 | -183.90 | -23.6% |
| 5204480 · Microfilm and Photography | 0.00 | 204.99 | -204.99 | -100.0% |
| 5204490 · Rents Privately Owned Property | 1,269.45 | 1,244.25 | 25.20 | 2.0% |
| 5204530 · Telecommunications Services | 95.00 | 228.39 | -133.39 | -58.4% |
| 5204540 · Electricity | 57.17 | 60.47 | -3.30 | -5.5% |
| 5204560 · Water | 23.35 | 0.00 | 23.35 | 100.0% |
| 5204740 · Bank Fees and Charges | 31.00 | 0.00 | 31.00 | 100.0% |
| 5205020 · Office Supplies | 38.65 | 76.21 | -37.56 | -49.3% |
| 5205320 · Printing/Duplicating/Binding Co | 27.60 | 62.10 | -34.50 | -55.6% |
| 5207950 · System Development | 0.00 | 7.50 | -7.50 | -100.0% |
| 5228000 · Operating Transfers Out-NonBudg | 539.50 | 205.79 | 333.71 | 162.2% |
| 5228030 · Depreciation Expense | 1,005.86 | 0.00 | 1,005.86 | 100.0% |
| Total Expense | <u>22,785.29</u> | <u>32,505.92</u> | <u>-9,720.63</u> | <u>-29.9%</u> |
| Net Ordinary Income | <u>-20,970.29</u> | <u>-29,475.92</u> | <u>8,505.63</u> | <u>28.9%</u> |
| Net Income | <u>-20,970.29</u> | <u>-29,475.92</u> | <u>8,505.63</u> | <u>28.9%</u> |

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

| | Jul '09 - Apr 10 | Jul '08 - Apr 09 | \$ Change | % Change |
|-------------------------------------------|-------------------|-------------------|-------------------|--------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4293550 · Initial Individual Certificate | 3,140.00 | 1,900.00 | 1,240.00 | 65.3% |
| 4293551 · Certificate Renewals-Active | 54,350.00 | 55,750.00 | -1,400.00 | -2.5% |
| 4293552 · Certificate Renewals-Inactive | 19,700.00 | 21,950.00 | -2,250.00 | -10.3% |
| 4293553 · Certificate Renewals-Retired | 660.00 | 570.00 | 90.00 | 15.8% |
| 4293554 · Initial Firm Permits | 950.00 | 1,450.00 | -500.00 | -34.5% |
| 4293555 · Firm Permit Renewals | 19,600.00 | 20,050.00 | -450.00 | -2.2% |
| 4293556 · Notification | 0.00 | 12,750.00 | -12,750.00 | -100.0% |
| 4293557 · Initial Audit | 270.00 | 420.00 | -150.00 | -35.7% |
| 4293558 · Re-Exam Audit | 1,620.00 | 1,140.00 | 480.00 | 42.1% |
| 4293560 · Late Fees-Initial Certificate | 250.00 | 0.00 | 250.00 | 100.0% |
| 4293561 · Late Fees-Certificate Renewals | 5,850.00 | 4,850.00 | 1,000.00 | 20.6% |
| 4293563 · Late Fees-Firm Permit Renewals | 800.00 | 850.00 | -50.00 | -5.9% |
| 4293564 · Late Fees-Peer Review | 650.00 | 1,050.00 | -400.00 | -38.1% |
| 4293566 · Firm Permit Individual | 66,925.00 | 65,710.00 | 1,215.00 | 1.9% |
| 4293567 · Peer Review Admin Fee | 1,125.00 | 1,950.00 | -825.00 | -42.3% |
| 4293568 · Firm Permit Name Change | 130.00 | 100.00 | 30.00 | 30.0% |
| 4293569 · Initial FAR | 690.00 | 960.00 | -270.00 | -28.1% |
| 4293570 · Initial REG | 540.00 | 480.00 | 60.00 | 12.5% |
| 4293571 · Initial BEC | 780.00 | 450.00 | 330.00 | 73.3% |
| 4293572 · Re-Exam FAR | 1,350.00 | 870.00 | 480.00 | 55.2% |
| 4293573 · Re-Exam REG | 1,620.00 | 1,200.00 | 420.00 | 35.0% |
| 4293574 · Re-Exam BEC | 1,650.00 | 1,410.00 | 240.00 | 17.0% |
| 4491000 · Interest and Dividend Revenue | 16,687.62 | 17,244.32 | -556.70 | -3.2% |
| 4896021 · Legal Recovery Cost | 1,047.36 | 1,509.66 | -462.30 | -30.6% |
| Total Income | 200,384.98 | 214,613.98 | -14,229.00 | -6.6% |
| Expense | | | | |
| 5101010 · F-T Emp Sal & Wages | 53,340.14 | 49,832.24 | 3,507.90 | 7.0% |
| 5101020 · P-T/Temp Emp Sal & Wages | 14,961.83 | 14,378.37 | 583.46 | 4.1% |
| 5101030 · Board & Comm Mbrs Fees | 2,880.00 | 3,120.00 | -240.00 | -7.7% |
| 5102010 · OASI-Employer's Share | 5,165.67 | 4,899.54 | 266.13 | 5.4% |
| 5102020 · Retirement-ER Share | 4,098.16 | 3,852.65 | 245.51 | 6.4% |
| 5102060 · Health /Life Ins.-ER Share | 14,107.67 | 13,386.05 | 721.62 | 5.4% |
| 5102080 · Worker's Compensation | 46.04 | 83.51 | -37.47 | -44.9% |
| 5102090 · Unemployment Insurance | 44.48 | 41.79 | 2.69 | 6.4% |
| 5203010 · Auto--State Owned | 158.90 | 1,081.60 | -922.70 | -85.3% |
| 5203020 · Auto-Private-Owens Low Mileage | 361.60 | 248.80 | 112.80 | 45.3% |
| 5203030 · In State-Auto- Priv. High Miles | 446.96 | 1,259.48 | -812.52 | -64.5% |
| 5203100 · In State-Lodging | 189.96 | 692.18 | -502.22 | -72.6% |
| 5203140 · InState-Tax Meals Not OverNigt | 9.00 | 86.00 | -77.00 | -89.5% |
| 5203150 · InState-Non-Tax Meals OverNight | 192.00 | 411.00 | -219.00 | -53.3% |
| 5203260 · OS-Air Commercial Carrier | 3,327.18 | 2,186.50 | 1,140.68 | 52.2% |
| 5203280 · OS-Other Public Carrier | 402.00 | 158.65 | 243.35 | 153.4% |
| 5203300 · OS-Lodging | 5,436.15 | 4,216.95 | 1,219.20 | 28.9% |
| 5203320 · OS-Incidentals to Travel | 330.00 | 79.00 | 251.00 | 317.7% |
| 5203350 · OS-Non-Taxable Meals Overnight | 692.00 | 381.00 | 311.00 | 81.6% |
| 5204010 · Subscriptions | 556.34 | 1,230.40 | -674.06 | -54.8% |
| 5204020 · Dues and Membership Fees | 3,350.00 | 3,590.00 | -240.00 | -6.7% |
| 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 | 405.00 | 378.00 | 27.00 | 7.1% |
| 5204181 · Computer Development Serv-State | 5,424.00 | 34,934.40 | -29,510.40 | -84.5% |
| 5204200 · Central Services | 5,029.27 | 4,994.57 | 34.70 | 0.7% |
| 5204220 · Equipment Service & Maintenance | 53.49 | 74.48 | -20.99 | -28.2% |
| 5204230 · Janitorial/Maintenance Services | 1,170.00 | 1,200.00 | -30.00 | -2.5% |
| 5204340 · Computer Software Maintenance | 230.00 | 195.00 | 35.00 | 18.0% |
| 5204360 · Advertising-Newspapers | 1,139.27 | 1,632.42 | -493.15 | -30.2% |
| 5204440 · Newsletter Publishing | 1,032.30 | 958.94 | 73.36 | 7.7% |
| 5204460 · Equipment Rental | 3,656.55 | 4,557.93 | -901.38 | -19.8% |
| 5204480 · Microfilm and Photography | 417.38 | 204.99 | 212.39 | 103.6% |
| 5204490 · Rents Privately Owned Property | 12,644.10 | 12,442.50 | 201.60 | 1.6% |
| 5204530 · Telecommunications Services | 1,721.58 | 1,831.82 | -110.24 | -6.0% |
| 5204540 · Electricity | 569.94 | 669.84 | -99.90 | -14.9% |

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

| | Jul '09 - Apr 10 | Jul '08 - Apr 09 | \$ Change | % Change |
|-------------------------------------------|-------------------|-------------------|-------------------|---------------|
| 5204560 · Water | 116.75 | 138.60 | -21.85 | -15.8% |
| 5204590 · Insurance Premiums/Surety Bonds | 1,530.00 | 1,666.50 | -136.50 | -8.2% |
| 5204740 · Bank Fees and Charges | 1,747.10 | 0.00 | 1,747.10 | 100.0% |
| 5205020 · Office Supplies | 985.72 | 909.93 | 75.79 | 8.3% |
| 5205310 · Printing State | 0.00 | 287.35 | -287.35 | -100.0% |
| 5205320 · Printing/Duplicating/Binding Co | 854.28 | 794.37 | 59.91 | 7.5% |
| 5205330 · Supplemental Publications | 598.75 | 586.25 | 12.50 | 2.1% |
| 5205350 · Postage | 1,999.81 | 2,953.33 | -953.52 | -32.3% |
| 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 | 346.50 | 0.00 | 346.50 | 100.0% |
| 5228000 · Operating Transfers Out-NonBudg | 5,430.03 | 4,509.97 | 920.06 | 20.4% |
| 5228030 · Depreciation Expense | 10,058.60 | 0.00 | 10,058.60 | 100.0% |
| Total Expense | 172,266.50 | 192,594.40 | -20,327.90 | -10.6% |
| Net Ordinary Income | 28,118.48 | 22,019.58 | 6,098.90 | 27.7% |
| Net Income | 28,118.48 | 22,019.58 | 6,098.90 | 27.7% |



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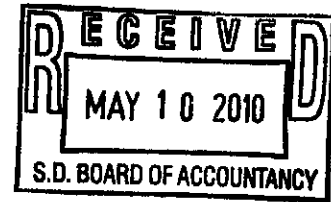
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May 6, 2010

Ms. Nicole Olson-Kasin
Executive Director
South Dakota Board of Accountancy
301 E. 14th St.
Suite 200
Sioux Falls, SD 57104

Dear Ms. Olson-Kasin:

I am inquiring as to the legal use of the terms within your state laws. We have a nationally recognized credentialing program, the "Certified Forensic Accountant, Cr.FA®." What are the requirements of CPA status for an accountant to call him/herself a "Certified Forensic Accountant?". Will we, or any individual upon which we grant the certification, be in violation of your state's statutes if we grant then the certification of "Certified Forensic Accountant," and they use that term in their non licensed practice?

Thank you in advance for your assistance on this issue.

Katie Wilcox

Best regards,
Katie Wilcox

cc: Alexander Lamar Casparis, MBA, CPA, Cr.FA, Chair, American Board of
Forensic Accounting

American College of Forensic Examiners International SM

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Certified Forensic Accountant, Cr.FA® program



About the Certified Forensic Accountant, Cr.FA® program

Forensic accountants are professionals who use a unique blend of education and experience to apply accounting, auditing, and investigative skills to uncover truth, form legal opinions, and assist in investigations. Forensic accountants may be involved in both litigation support (providing assistance on a given case, primarily related to the calculation or estimation of economic damages and related issues) and investigative accounting (looking into illegal activities).

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"With the rigid qualifications and high standards of achievement required for this credential, the Cr.FA helps to distinguish designees in terms of experience, knowledge, competence, and prestige...With the Cr.FA credential, accountants show they not only have the ability to work with numbers but also the ability to use their accounting experience professionally and accurately in a legal setting."

—As written in *Forensic and Investigative Accounting* by D. Larry Crumbley, Lester E. Heitger, G. Stevenson Smith

What the Cr.FA program does for you

The Cr.FA course will prepare and educate you on the following tasks

- » Describe five general concepts of judicial procedure and evidence applicable to forensic accounting.
- » Discuss the challenges to expert testimony and how to deal with Daubert issues.
- » Understand practical approaches to help find and stop fraud.
- » Identify the forensic accountant's role in the analysis of damages.
- » Describe additional services provided by forensic accountants.
- » List the various approaches for valuation.

What are the requirements?

Applicants must currently hold the **Certified Public Accountant (CPA)** designation. Any accountant making application for the credential Certified Forensic Accountant, Cr.FA®, must first be registered with his/her State Board of Accountancy if required by state law. No one may make application for Certified Forensic Accountant, Cr.FA, unless they are first in compliance with all local ordinances, state laws, and federal regulations.

Prior to sitting for the examination(s) you will be asked to provide photocopies of degrees, diplomas, certificates, licenses, and three professional references. In addition, you must have no record of disciplinary action from any state, province, or territory licensing or certification board during the past 10 years, nor currently be under investigation. You must also have no felony convictions.

Please note, this certification is designed for individuals with existing knowledge in the area of forensic accounting.

International professionals who wish to become a Certified Forensic Accountant must hold a designation that is equivalent to the CPA in the United States. Applicants must submit a portfolio of supporting documentation to include a photo ID, photocopies of any licenses/certificates, and copy of your current resume to provide verification of the equivalent designation. Supporting documentation must be in English in order to be reviewed.

Frequently Asked Questions

[What are the minimum qualifications to be a Cr.FA®?](#)

[What is a Forensic Accountant?](#)

[How long is the exam?](#)

[How soon can I begin using the Cr.FA® designation?](#)

[What happens if I fail?](#)

[Are there any other Cr.FA®/CFEI related CPAs?](#)

REPORT TO BOARD ON SOCIAL MEDIA

Nicole Kasin 5-14-10

In attempt to reach more candidates and licensees I have been researching various boards and organizations Facebook pages. Facebook is a social networking website which currently has over 400 million current users. With a simple set up of a Facebook page, candidates, CPAs, and the general public will be able to see what our board does. Organizations create a public page that displays information for their respective company. The basic information for our board can be displayed. The page will be created to share information and use as a second source to reach out to the public. The wall information will post the board mission statement, board meeting dates, info and updates on renewals and other deadlines, peer review deadlines, CPA exam info and other dates that are important. The info page will show our address, phone number, contact info, website. The photos page may show the board office, board members, board staff, and meetings. The events page will show board meeting dates and times and other events that the board may partake in.

I am in the process of working with DOL to ensure that state policy is followed in regards to creating a social media outlet for our board.

REPORT TO BOARD ON INACTIVE STATUS

Nicole Kasin 5-17-10

Clarification has been requested by the board for a CPA Inactive.

A CPA Inactive is proposing to work in a public CPA firm. The individual will not be working with clients and will not be holding themselves out as a CPA to the public. The individual prefers to keep their license in an inactive status since the primary functions of their position will be to do internal accounting work for the firm.

SDCL 36-20B-27 is as follows:

For renewal of a certificate under this chapter, a licensee shall participate in a program of learning designed to maintain professional competency. The program of learning shall comply with rules, promulgated by the board pursuant to chapter 1-26. 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.

Individuals that work in a public accounting firm have been required to maintain their CPA certificate in an active status.

20:75:02:12. Recognized colleges and universities. For the purpose of evaluating the education qualifications of applicants for certificates under SDCL 36-20B-15, the board shall recognize those junior colleges, colleges, and universities accredited at the time the applicant's degree was received by virtue of membership in one of the following regional accrediting agencies:

- (1) North Central Association of Colleges and Schools;
- (2) Middle States Association of Colleges and Schools;
- (3) New England Association of Colleges and Schools;
- (4) Northwest ~~Association~~ Commission of Colleges and ~~Schools~~ Universities;
- (5) Western Association of Colleges and Schools;
- (6) Southern Association of Colleges and Schools.

If an applicant's degree was received at an accredited college or university, but the education program used to qualify the applicant included courses taken at either a two-year or a four-year non-accredited institution either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which the applicant's baccalaureate degree was received, if the courses were accepted by virtue of inclusion in an official transcript of the accredited college or university.

A listing of accredited colleges and universities recognized by the board is contained in "Accredited Institutions of Post-Secondary Education." However, an applicant whose degree was received from a non-accredited college or university may qualify under the provisions of § 20:75:02:13.

Source: 29 SDR 16, effective August 14, 2002.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-15.

20:75:03:03. Application for renewal of certificates -- Fees. An application for the renewal of a certificate or registration shall be made on a form provided by the board and shall be filed no later than the expiration date set by this section. An application is not considered filed until the applicable fee is received.

An applicant for renewal of a certificate under SDCL chapter 36-20B shall list in the application any state in which the applicant has applied for or holds a certificate or a permit as a CPA and shall list any past denial, revocation, or suspension of a certificate or permit by any other state.

Any application for renewal of certificates shall be accompanied by evidence satisfactory to the board that the applicant has complied with the continuing professional education requirements under SDCL 36-20B-27 and chapter 20:74:04.

Any license not renewed and which has not been surrendered to the board, is deemed to have expired. Any individual desiring to renew an expired license shall comply with the requirements of this section. The applicant shall pay all applicable fees and penalties for late filing for each year the ~~licensed~~ license was expired.

An application for renewal must be received by the board by August 1 or must be postmarked by August 1. An application completed on the internet must be submitted on or before 11:59 p.m. central time on August 1, to be considered on time. The fee for annual renewal submitted on time is \$50. The fee for annual renewal submitted late is \$100.

An application for renewal is considered late if the continuing education requirement has not been met and an extension has not been granted. Failure to receive a

renewal notice does not constitute an adequate reason for failing to renew the certificate in a timely manner.

The fee to replace a certificate lost or destroyed for any reason or to change a name is \$25. The fee must accompany the application for an individual certificate, renewal of a certificate, or request for replacement of a certificate.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(3),(17),(18),(20),(21), 36-20B-15, 36-20B-18.

Law Implemented: SDCL 36-20B-14 to 36-20B-16, 36-20B-18, 36-20B-22 to 36-20B-24.

Cross-Reference: Discretion to waive certain requirements, § 20:75:01:07; Extension for completion of continuing professional education, § 20:75:04:10.

20:75:03:15. Substantial equivalency and reciprocity. A certificate holder licensed by another state, before establishing a principal place of business in this state, shall request the issuance of a certificate from the board pursuant to SDCL 36-20B-26.

An applicant for issuance or renewal of a reciprocal license shall, in the application, list any state in which the applicant has applied for or holds a certificate, license, or permit and list any past denial, revocation, or suspension of a certificate, license, or permit. Each holder of, or applicant for, a certificate shall notify the board in writing, within 30 days after its occurrence, of any issuance, denial, revocation, or suspension of a certificate, license, or permit by another state, or volunteer surrender of a

CPA certificate, license, or permit to resolve or avoid disciplinary action, or similar actions concerning a substantially equivalent foreign designation, any other form of discipline imposed against the holder of a CPA certificate, license, permit, or a substantially equivalent foreign designation, the conviction of any crime and the revocation of a professional license of any kind in any jurisdiction, change of address, or employment. The application shall be accompanied by a fee of \$50.

The applicant for initial issuance or renewal under this chapter shall comply with the continuing professional education requirements for issuance or renewal in the applicant's state, or the continuing professional education requirements applicable in this state, if the applicant's state of licensure does not require continuing professional education.

If the applicant passed the examination in a state that is not deemed to be substantially equivalent to this state's educational requirements, the board may issue the applicant a license upon a showing that the requirements of SDCL 36-20B-25 are met and the applicant's license has been deemed to be in good standing by the host state's licensing board.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(23).

Law Implemented: SDCL 36-20B-12(23), 36-20B-13.

20:75:04:08. Returning active certificate holders. An applicant for renewal of an individual certificate, in active status whose most recent active certificate has lapsed over 12 months before the application for renewal is submitted must complete at least 24

hours of continuing education in the 12 months preceding the filing of the application for active status.

Once the applicant's individual certificate is renewed in an active status, the applicant must fulfill the continuing professional education requirement for the next renewal in accordance with the following schedule:

(1) Certificate holders whose individual certificate was renewed July 1 to September 30, inclusive: 20 hours;

(2) Certificate holders whose individual certificate was renewed October 1 to December 31, inclusive: 16 hours;

(3) Certificate holders whose individual certificate was renewed January 1 to March 31, inclusive: 8 hours;

(4) Certificate holders whose individual certificate was renewed April 1 to June 30, inclusive: 4 hours.

The continuing professional education required for the second renewal and each subsequent renewal following the lapse is the number of hours required for a three-year renewal period by SDCL 36-20B-27.

An applicant for renewal of an individual certificate whose most recent ~~permit~~ certificate lapsed 12 months or less before submission of the renewal application must complete the continuing professional education requirement the applicant would have had to complete had the applicant's ~~permit~~ certificate not lapsed.

An applicant who holds a certificate of certified public accountant in another state issued over four years before applying for a certificate of certified public accountant in

this state must complete 24 hours of continuing professional education in the 12 months preceding the filing of the application.

Source: 29 SDR 16, effective August 14, 2002; 31 SDR 97, adopted December 17, 2004, effective July 1, 2005.

General Authority: SDCL 36-20B-12(3).

Law Implemented: SDCL 36-20B-21, 36-20B-27.

20:75:05:01. Independence. A licensee shall comply with Section ET 101 of the American Institute of Certified Public Accountants (AICPA), and additionally comply with the independence rules of the United States Securities and Exchange Commission (SEC), United States Department of Labor (DOL), Public Company Accounting Oversight Board (PCAOB) and United States Government Accountability Office (GAO) applicable to the licensees' engagement.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-12(4).

References: AICPA Professional Standards, Volume 2, ET Section 101, as of ~~January 2009~~ February 2010, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza III, Jersey City, NJ 07311. Cost: Annual Subscription of Loose-leaf Edition, Member \$389/Non-Member \$486.25.

Government Auditing Standards, by the United States Government Accountability Office (GAO) ~~June 1, 2003, Revision, or July 2007 Revision, as applicable.~~ Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their website at www.gao.gov/govaud/ybk01.htm. Cost: first document free, each additional copy \$2.

United State Department of Labor (DOL):

<http://law.justia.com/us/cfr/title29/29-9.1.3.1.1.0.16.7.html>.

Public Company Accounting Oversight Board (PCAOB):

http://www.pcaob.org/Rules/Rules_of_the_Board/Section_3.pdf

http://pcaobus.org/Rules/PCAOBRules/Pages/Section_3.aspx.

United States Securities and Exchange Commission (SEC):

<http://www.sec.gov/rules/final/33-8183.htm>.

20:75:05:05. Auditing, accounting, and review standards. A licensee may not permit the licensee's name to be associated with a report on financial statements as defined by SDCL 36-20B-3 unless the licensee complied with generally accepted auditing standards or accounting and review standards as applicable. Generally accepted auditing standards and accounting and review standards are the standards set forth in the **AICPA Professional Standards, Volume 1**, AU Sections 100 through 901, as of ~~January 2009~~ February 2010; **AICPA Professional Standards, Volume 2**, AR Sections 100 through 9600, as of ~~January 2009~~ February 2010; **Professional Standards, Volume 1**, AT Sections 2500 through 2970-400, as of ~~January 2009~~ February 2010; and **AICPA Professional Standards, Volume 2**, ET Sections 50 through 500, as of ~~January 2009~~ February 2010; by the American Institute of Certified Public Accountants. **Government**

Auditing Standards by the United States Government Accountability Office, June 2003 Revision, or July 2007 Revision, as applicable. Licensees must justify departures from these standards.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

References: **AICPA Professional Standards, Volume 1**, AU Sections 100 through 901, as of ~~January 2009~~ February 2010; **AICPA Professional Standards, Volume 2**, AR Sections 100 through 9600, as of ~~January 2009~~ February 2010; **AICPA Professional Standards, Volume 1**, AT Sections 2500 through 2970-400, as of ~~January 2009~~ February 2010; and **AICPA Professional Standards, Volume 2**, ET Sections 50 through 500, as of ~~January 2009~~ February 2010, by the American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza III, Jersey City, NJ 07311. Cost: **AICPA Professional Standards, Volume 1 and Volume 2**, Annual Subscription of Loose-leaf Edition. Member \$389/Non-Member \$486.25.

Government Auditing Standards by the United States Government Accountability Office, June 2003 Revision or July 2007 Revision, as applicable. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their website at

www.gao.gov/govaud/ybk01.htm. Cost: **Government Auditing Standards**, first document free, each additional copy \$2.

20:75:05:06. Accounting principles. If financial statements or other financial data contain any departure from an accounting principle promulgated by the Financial Accounting Standards Board and its predecessors, the Governmental Accounting Standards Board, or by other entities having similar authority as recognized by the board, a licensee may not:

- (1) Express an opinion or state affirmatively that the statements or other data of any entity are presented in conformity with generally accepted accounting principles; or
- (2) State that the licensee is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles.

If, however, the statements or data contain such a departure and the licensee can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the licensee may comply with this section by describing the departure, its approximate effects, if practicable, and the reason why compliance with the principle would result in a misleading statement.

Generally accepted accounting principles for nongovernmental entities are those pronouncements issued by the Financial Accounting Standards Board and its predecessor entities published by the **Financial Accounting Standards Board (FASB)**, in **Accounting Standards, Current Text, General Standards**, as of ~~September 2008~~ April 2010, and **Financial Accounting Standards Board (FASB), Accounting Standards, Current Text, Industry Standards**, as of ~~September 2008~~ April 2010. Generally

accepted accounting principles for governmental entities are those pronouncements of the Governmental Accounting Standards Board published in **Codification of Governmental Accounting and Financial Reporting Standards**, as of ~~June 30, 2008~~ June 30, 2009.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

References: Financial Accounting Standards Board (FASB), **Accounting Standards, Current Text, General Standards**, as of ~~September 2008~~, and **Financial Accounting Standards Board (FASB), Current Text, Industry Standards**, as of ~~September 2008~~. Copies may be viewed at the board's office or obtained from the FASB at www.fasb.org. Cost: \$255 a set.

www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498

Codification of Governmental Accounting and Financial Reporting Standards, as of ~~June 30, 2008~~ June 30, 2009, Governmental Accounting Standards Board, ~~June 30, 2008~~ June 30, 2009. Copies may be viewed at the board's office or obtained from Governmental Accounting Standards Board Order Department, P.O. Box 30784, Hartford, CT 06150. Cost: \$86 \$90 each.

20:75:05:07. Professional standards and conduct. A licensee shall comply with professional ethical standards and conduct. Professional standards and conduct are those established and set forth in the **AICPA Professional Standards, Volume 2, ET**

Section as of ~~January 2009~~ February 2010, by the American Institute of Certified Public Accountants.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: **AICPA Professional Standards, Volume 2**, as of ~~January 2009~~ February 2010, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza III, Jersey City, NJ 07311. Cost: Members \$389/Non-Members \$486.25 a set.

20:75:05:08. Interpretations. In the interpretation and application of this chapter, the board shall consider interpretations of similar rules issued by the American Institute of Certified Public Accountants.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-40, 36-20B-41.

Reference: **AICPA Professional Standards, Volume 2**, as of ~~January 2009~~ February 2010, American Institute of Certified Public Accountants, Harborside Financial

Center, 201 Plaza III, Jersey City, NJ 07311. Cost: Member \$389/Non-Member \$486.25 a set.

20:75:05:17. Records retention. A licensee shall comply with the record retention rules of the American Institute of Certified Public Accountants (AICPA), United States Government Accountability Office (GAO), United States Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB), and United States Department of Labor (DOL) as applicable to the engagement.

Source: 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(4).

Law Implemented: SDCL 36-20B-12(4).

References: **AICPA Professional Standards, Volume 2, ET Section 101**, as of ~~January 2009~~ February 2010, by the American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza III, Jersey City, NJ 07311. Cost: Annual Subscription of Loose-leaf Edition, Member \$389/Non-Member \$486.25 a set.

Government Auditing Standards, by the United States Government Accountability Office, ~~June 1, 2003, Revision, or July 2007 Revision, as applicable.~~ Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, D.C. 20548; or from their web site at

www.gao.gov/govaud/ybk01.htm. Cost: **Government Auditing Standards**, first document free, each additional copy \$2.

United States Securities and Exchange Commission (SEC):

<http://www.sec.gov/rules/final/33-8180.htm>.

Public Company Accounting Oversight Board (PCAOB):

http://www.pcaob.org/Standards/Standards_and_Related_Rules/Auditing_Standard_No.3.aspx.

United State Department of Labor (DOL):

<http://law.justia.com/us/cfr/title29/29-9.1.5.13.1.html>.

CHAPTER 20:75:07

PEER REVIEW

Section

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- 20:75:07:14 Firm's submissions to board -- South Dakota reviews.
- 20:75:07:15 Board's review of reports.
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- 20:75:07:17 ~~Procedure in case of modified or adverse report/~~Procedure in case of pass with deficiency or fail report.
- 20:75:07:18 ~~Procedure in case of unmodified report/~~Procedure in case of pass report.

20:75:07:01. Definitions. Terms used in this chapter mean:

(1) "Accounting and auditing practice," all engagements covered by "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE) for Financial Forecasts and Projections (AICPA, Professional Standards, vol. 1, AT sec. 200), attest services on financial information when the firm audits, reviews, or compiles the historical financial statements of the client, and standards for financial and compliance audits contained in **Government Auditing Standards** ("Yellow Book") ~~June 2003 Revision, or July 2007 Revision, as applicable,~~ issued by the U. S. General Accounting Office;

(2) "Engagement review," a review required of a firm that only performs services under "Statements for Accounting and Review Services" or "Statements on Standards for Attestation Engagements" not included in system reviews;

(3) "Equivalent review," a peer review conducted by the American Institute of Certified Public Accountants, a state licensing board, or an accounting association or society in accordance with the review standards in §§ 20:75:07:09 to 20:75:07:15, inclusive;

~~(4) "Modified report," a qualified or adverse report issued as the result of a peer review that describes significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;~~

~~(5)~~ (4) "Pass report," a report issued as the result of a peer review that describes no significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

~~(6)~~ (5) "Pass with deficiency or fail report," a pass with deficiency or fail report issued as the result of a peer review that describes significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

~~(7)~~ (6) "Professional standards," professional standards in §§ 20:75:05:05 and 20:75:05:06;

~~(8)~~ (7) "Quality control system," the five elements of quality control described in "Statement on Quality Control Standards (SQCS)," No. 2, vol. 2, QC Section 20, and "Statements on Quality Control Standards," published in **AICPA Professional Standards, Volume 2**, as of ~~January 2009~~ February 2010;

~~(9)~~ (8) "Report review," a review required of a firm that only performs compilation engagements under "Statements for Accounting and Review Services" where the firm has compiled financial statements that omit substantially all disclosures;

~~(10)~~ (9) "South Dakota review," a peer review conducted under the South Dakota Board of Accountancy program in accordance with this chapter;

~~(11)~~ (10) "System review," a review required of a firm that performs engagements under the "Statements on Auditing Standards" (SAS), "Statements on Standards for Accounting and Review Services" (SSARS), "Statements on Standards for Attestation Engagements" (SSAE), or "Government Auditing Standards" (GAS), or performs examinations of prospective financial statements under "Statements on Standards for Attestation Engagements";

~~(12)~~ "Unmodified report," a report issued as the result of a peer review that describes no significant deficiencies in the professional standards in §§ 20:75:05:05 and 20:75:05:06;

~~(13)~~ (11) "Year of review," the calendar year during which a peer review is to be conducted; in the case of an equivalent review, the fiscal or calendar year during which a peer review is to be conducted;

~~(14)~~ (12) "Year under review," the calendar year prior to the year of review; in the case of an equivalent review, the fiscal or calendar year prior to the year of review.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

References: ~~Government Auditing Standards, June 2003 Revision, or July 2007 Revision, as applicable.~~ United States Government Accountability Office. Copies may be viewed at the board's office or obtained from the United States Government Accountability Office, Washington, DC 20548, or their website at www.gao.gov/govaud/ybk01.htm. Cost: ~~Government Auditing Standards, June 2003 Revision, or July 2007, Revision, as applicable,~~ first copy free, each additional copy \$2;

~~AICPA Professional Standards, Volume 2, as of January 2009~~ February 2010, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza III, Jersey City, NJ 07311. Cost: Member \$389/Non-Member \$486.25 a set.

Cross-Reference: Conduct of review -- Requirements, § 20:75:07:09.

20:75:07:05. (Effective for reviews completed prior to January 1, 2009)

~~**Equivalent reviews.** If a firm undergoes an equivalent peer review during its three-year review cycle, it may request that the board accept the review as fulfilling the requirements of § 20:75:07:02.~~

~~————The request must be submitted on forms provided by the board and must set forth the name of the reviewing body, the date of the review, and any other information requested by the board. If the review has not been completed, the reviewer must agree to retain all materials associated with the peer review until notice from the board of the acceptance of the review. The request for acceptance of an equivalent review form must be received by the board by June 1 or be postmarked by June 1. If the firm has not~~

~~engaged a reviewer by June 1 the firm must submit a copy of the request for equivalent review form without the reviewer's signature and submit the original form with the reviewer's signature within 30 days after engaging the reviewer. If the original form with the reviewer's signature is not received within 30 days, a late fee of \$50 will be charged.~~

~~—— If the board approves the request for an equivalent review, the firm subject to review must submit to the board the reviewer's report; the letter of comments, if any; the reviewed firm's response to the letter of comments, if any; the final letter of approval; and a description of the status of any disciplinary action prescribed by the particular reviewing body. If the equivalent peer review was completed prior to the firm's request, the firm must submit the required information to the board within 30 days after the date on the board's letter confirming the request. If the equivalent peer review will be completed after the firm receives board confirmation of the request, the firm must submit the required information within 30 days after the date of the final letter of approval from the reviewing body. If the information is filed after 30 days from the date of the final letter of approval from the reviewing body, it must be accompanied by a fee of \$50.~~

~~—— Following receipt of the required information, the board shall proceed in accordance with § 20:75:07:15 or 20:75:07:16.~~

~~—— (Effective for reviews completed after December 31, 2008) Equivalent reviews. If a firm undergoes an equivalent peer review during its three-year review cycle, it may request that the board accept the review as fulfilling the requirements of § 20:75:07:02.~~

The request must be submitted on forms provided by the board and must set forth the name of the reviewing body, the date of the review, and any other information

requested by the board. If the review has not been completed, the reviewer must agree to retain all materials associated with the peer review until notice from the board of the acceptance of the review. The request for acceptance of an equivalent review form must be received by the board by June 1 or be postmarked by June 1. If the firm has not engaged a reviewer by June 1 the firm must submit a copy of the request for equivalent review form without the reviewer's signature and submit the original form with the reviewer's signature within 30 days after engaging the reviewer. If the original form with the reviewer's signature is not received within 30 days, a late fee of \$50 will be charged.

If the board approves the request for an equivalent review, the firm subject to review must submit to the board the reviewer's report; the findings for further consideration, if any; the reviewed firm's response to the findings for further consideration, if any; the final letter of approval; and a description of the status of any disciplinary action prescribed by the particular reviewing body. If the equivalent peer review was completed prior to the firm's request, the firm must submit the required information to the board within 30 days after the date on the board's letter confirming the request. If the equivalent peer review will be completed after the firm receives board confirmation of the request, the firm must submit the required information within 30 days after the date of the final letter of approval from the reviewing body. If the information is filed after 30 days from the date of the final letter of approval from the reviewing body, it must be accompanied by a fee of \$50.

Following receipt of the required information, the board shall proceed in accordance with § 20:75:07:15 or 20:75:07:16.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9)(10)(11).

Law Implemented: SDCL 36-20B-36.

20:75:07:07. Qualifications of reviewer -- South Dakota reviews. An individual selected to conduct a South Dakota review must have the following minimum qualifications:

(1) Be licensed to practice as a certified public accountant or public accountant by the licensing board of any state;

(2) Have current knowledge and experience of the professional standards applicable to the type of practice to be reviewed, including recent experience in the industry engagements that may be selected for review. Such knowledge and experience may be obtained from on-the-job training, training courses, or a combination of both;

(3) Be independent of the firm under review;

(4) Be able to demonstrate familiarity with the procedure for conducting a peer review in accordance with the standards in §§ 20:75:07:09 to 20:75:07:16, inclusive;

(5) Be able to provide evidence that the reviewer's firm received ~~an unmodified a~~ pass report during the past three years or a certified true statement that the firm was not subject to review. If the reviewer is associated with more than one firm, all of the firms with which the reviewer is associated must fulfill this requirement. This provision is not applicable to an individual reviewer not associated with a firm;

(6) Be familiar with operations of a firm comparable in size to the firm under review; and

(7) Have completed a minimum of eight hours of continuing professional education on performing peer reviews within the five years before the start of the review.

Members of the board and members of their firms may not conduct a South Dakota peer review; however, members of their firms may conduct equivalent reviews in accordance with § 20:75:07:05.

Source: 29 SDR 16, effective August 14, 2002.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

20:75:07:08. Conduct of review -- Location. The peer review must be conducted at the office location of the firm under review unless the board gives prior approval for the review to be conducted at another location. A firm that does not perform audits and had ~~an unmodified~~ a pass report on its preceding review may have a review conducted at a location other than its office. However, the firm must have a review conducted at its office location once every third three-year cycle. A firm that performs audits of historical financial statements, agreed-upon procedures under the **Statements on Standards for Attestation Engagements**, or examinations of prospective financial statements must have a review conducted at its office location because of the public interest in the quality of such engagements and the importance to the accounting profession of maintaining the quality of those services. Prior approval may be granted for a review to be conducted at a location other than the firm's office for firms conducting audits. In granting approval for a review to be conducted at another location, the board shall consider firm size and makeup, the number and types of engagements, distances involved, and prior review.

Source: 29 SDR 16, effective August 14, 2002; 30 SDR 119, effective February 9, 2004; 33 SDR 107, effective December 26, 2006; 35 SDR 165, effective December 22, 2008; 35 SDR 305, effective July 1, 2009.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

Reference: AICPA Professional Standards, Volume 1, AT Section January 2009 February 2010, American Institute of Certified Public Accountants. Copies may be viewed at the board's office or obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza III, Jersey City, NJ 07311. Cost: Member \$389/Non-Member \$481.25 a set.

20:75:07:09. (Effective for reviews completed prior to January 1, 2009)

~~**Conduct of review — Requirements.** The peer review must be conducted in accordance with the following requirements:~~

~~—— (1) A review must have an engagement review, report review, or system review as defined in § 20:75:07:01, to ensure that procedures tailored to the size of the firm and the nature of its practice are performed;~~

~~—— (2) A South Dakota review must be conducted between January 1 and October 31 of the year of review unless otherwise agreed by the board and the firm subject to review;~~

~~—— (3) The reviewer must select the engagements to be reviewed. Engagements selected for review must provide a reasonable cross section of the firm's accounting and auditing practice with greater emphasis on those engagements in the practice with higher assessed levels of quality review risk. Factors to be considered in assessing peer review~~

risk at the engagement level are size, industry area, level of service, personnel, litigation in industry area, and initial engagement;

———(4) The review must be limited to the reviewed firm's quality control system and the accounting and auditing engagements with client year ends dated within the year under review;

———(5) The reviewer must use checklists provided by the board as a basis for performing the review unless reviewing under § 20:75:07:06. A separate checklist must be used for system reviews, engagement reviews, and report reviews. The checklists must include questions for the reviewer to answer and must provide sufficient information for the board to determine whether the firm under review complies with the standards and principles in §§ 20:75:05:05 and 20:75:05:06; and

———(6) The firm under review must submit to the reviewer the preceding peer review report; the letter of comments, if any; the reviewed firm's response to the letter of comments, if any; the final letter of approval; and any board or review committee performance requirements.

———(Effective for reviews completed after December 31, 2008) **Conduct of review -- Requirements.** The peer review must be conducted in accordance with the following requirements:

(1) A review must have an engagement review, report review, or system review as defined in § 20:75:07:01, to ensure that procedures tailored to the size of the firm and the nature of its practice are performed;

(2) A South Dakota review must be conducted between January 1 and October 31 of the year of review unless otherwise agreed by the board and the firm subject to review;

(3) The reviewer must select the engagements to be reviewed. Engagements selected for review must provide a reasonable cross section of the firm's accounting and auditing practice with greater emphasis on those engagements in the practice with higher assessed levels of quality review risk. Factors to be considered in assessing peer review risk at the engagement level are size, industry area, level of service, personnel, litigation in industry area, and initial engagement;

(4) The review must be limited to the reviewed firm's quality control system and the accounting and auditing engagements with client year ends dated within the year under review;

(5) The reviewer must use checklists provided by the board as a basis for performing the review unless reviewing under § 20:75:07:06. A separate checklist must be used for system reviews, engagement reviews, and report reviews. The checklists must include questions for the reviewer to answer and must provide sufficient information for the board to determine whether the firm under review complies with the standards and principles in §§ 20:75:05:05 and 20:75:05:06; and

(6) The firm under review must submit to the reviewer the preceding peer review report; the matters for further consideration, if any; the reviewed firm's response to the matters for further consideration, if any; the findings for further consideration, if any; the reviewed firm's response to the findings for further consideration, if any; the final letter of approval; and any board or review committee performance requirements.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

Cross-Reference: Definitions, § 20:75:07:01.

20:75:07:10. (Effective for reviews completed prior to January 1, 2009)

~~**Results of review—Exit conference.** A reviewer may issue an unmodified, modified, or adverse opinion as to whether the reports, work papers, if applicable, and quality control system, if applicable, reviewed comply with the standards and principles in §§ 20:75:05:05 and 20:75:05:06 based on the evidence the reviewer obtained in the review.~~

~~—— The reviewer shall conduct an exit conference with representatives of the reviewed firm.~~

~~—— (Effective for reviews completed after December 31, 2008) **Results of review -**
- Exit conference. A reviewer may issue a pass, pass with deficiency, or fail opinion as to whether the reports, work papers, if applicable, and quality control system, if applicable, reviewed comply with the standards and principles in §§ 20:75:05:05 and 20:75:05:06 based on the evidence the reviewer obtained in the review.~~

The reviewer shall conduct an exit conference with representatives of the reviewed firm.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

20:75:07:11. (Effective for reviews completed prior to January 1, 2009)

~~**Report—Letter of comments.** Within 30 days after the date of the exit conference, the~~

~~reviewer must issue a written report and, if applicable, a letter of comments to the reviewed firm. If the reviewer issues this report after the 30-day period, the reviewer must submit a fee of \$50 to the board.~~

~~—— The report and letter must be addressed to the proprietor, partners, members, officers, or shareholders of the reviewed firm and must be dated as of the date of the exit conference. The report must include the following:~~

~~—— (1) The year covered by the review;~~

~~—— (2) A statement of the scope of the review;~~

~~—— (3) A description of the general characteristics of a system of quality control, if applicable; and~~

~~—— (4) The reviewer's opinion. If the opinion is modified or adverse, the report must include a description of the reasons for the modification.~~

~~—— If the reviewer finds deficiencies, the reviewer must issue to the firm under review a letter of comments outlining the deficiencies and recommending action to correct the deficiencies.~~

~~—— (Effective for reviews completed after December 31, 2008) Report -- Findings for further consideration. Within 30 days after the date of the exit conference, the reviewer must issue a written report and, if applicable, findings for further consideration to the reviewed firm. If the reviewer issues this report after the 30-day period, the reviewer must submit a fee of \$50 to the board.~~

The report and letter must be addressed to the proprietor, partners, members, officers, or shareholders of the reviewed firm and must be dated as of the date of the exit conference. The report must include the following:

- (1) The year covered by the review;
- (2) A statement of the scope of the review;
- (3) A description of the general characteristics of a system of quality control, if applicable; and
- (4) The reviewer's opinion. If the opinion is pass with deficiency or fail, the report must include a description of the reasons for the deficiency.

If the reviewer finds deficiencies, the reviewer must issue to the firm under review findings for further consideration outlining the deficiencies and recommending action to correct the deficiencies.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9)(10)(11).

Law Implemented: SDCL 36-20B-36.

Cross-Reference: Discretion to waive certain requirements, § 20:75:01:07.

20:75:07:12. (Effective for reviews completed prior to January 1, 2009)

~~**Response to letter of comments.** The firm under review shall issue a response to a letter of comments. The letter of response shall contain the following:~~

- ~~—— (1) A statement addressing each deficiency in the reviewer's letter of comments;~~
- ~~—— (2) A statement of agreement or disagreement with the findings of the reviewer.~~

~~The firm must provide reasons if it disagrees with the findings;~~

- ~~—— (3) A statement of agreement or disagreement with the corrective action recommended by the reviewer; and~~

- ~~—— (4) A schedule for correcting deficiencies.~~

~~————(Effective for reviews completed after December 31, 2008)~~ **Response to findings for further consideration.** The firm under review shall issue a response to findings for further consideration. The letter of response shall contain the following:

(1) A statement addressing each deficiency in the reviewer's findings for further consideration;

(2) A statement of agreement or disagreement with the findings of the reviewer. The firm must provide reasons if it disagrees with the findings;

(3) A statement of agreement or disagreement with the corrective action recommended by the reviewer; and

(4) A schedule for correcting deficiencies.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36.

20:75:07:13. Reviewer's submissions to board -- South Dakota reviews. If conducting a South Dakota review, the reviewer shall submit copies of the following to the board office within 30 days after the exit conference:

(1) The reviewer's checklist;

(2) The summary review memorandum;

(3) The matters for further consideration;

(4) The summaries of the matters for further consideration;

(5) The findings for further consideration;

(6) The summaries of the findings for further consideration;

~~(5)~~ (7) The summaries of unresolved "no" answers in engagement checklists not resulting in a matter for further consideration;

~~(6)~~ (8) The exit conference summary; and

~~(7)~~ (9) The reviewed firm's letter representing its compliance with requirements for the peer review.

If the reviewer submits these copies to the board office after the 30-day period, the reviewer must submit a \$50 fee with the copies.

Source: 29 SDR 16, effective August 14, 2002.

General Authority: SDCL 36-20B-12(9)(10)(11).

Law Implemented: SDCL 36-20B-36.

Cross Reference: Discretion to waive certain requirements, § 20:75:01:07.

20:75:07:14. (Effective for reviews completed prior to January 1, 2009)

~~Firm's submissions to board -- South Dakota reviews. The firm under South Dakota review must submit copies of the following to the board within 60 days after completion of the exit conference or by November 30 of the year of review, whichever comes first:~~

~~—— (1) The reviewer's report;~~

~~—— (2) The letter of comments, if any; and~~

~~—— (3) The firm's response to the letter of comments, if any.~~

~~—— If the firm submits the copies after the 60-day period or after November 30 of the year of review, whichever comes first, the firm must submit a \$50 fee with the copies.~~

~~—— (Effective for reviews completed after December 31, 2008) Firm's~~

~~submissions to board -- South Dakota reviews. The firm under South Dakota review~~

must submit copies of the following to the board within 60 days after completion of the exit conference or by November 30 of the year of review, whichever comes first:

- (1) The reviewer's report;
- (2) The matters for further consideration, if any;
- (2) (3) The findings for further consideration, if any; and
- (3) (4) The firm's response to the matters for further consideration or findings for further consideration, if any.

If the firm submits the copies after the 60-day period or after November 30 of the year of review, whichever comes first, the firm must submit a \$50 fee with the copies.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9)(10)(11).

Law Implemented: SDCL 36-20B-36.

Cross-Reference: Discretion to waive certain requirements, § 20:75:01:07.

20:75:07:15. (Effective for reviews completed prior to January 1, 2009)

~~**Board's review of reports.** After receipt of documentation from the reviewer and the firm under review, the board shall review the file and proceed with § 20:75:07:17 or 20:75:07:18. If the board determines that the firm under review does not comply with §§ 20:75:05:05 and 20:75:05:06, the board may require the reviewer to recall and reissue the report.~~

~~—— If the board determines that the reviewer has not issued the report or letter of comments in accordance with §§ 20:75:07:08 to 20:75:07:15, inclusive, the board shall return the report or the letter of comments, or both, to the reviewer for correction. The~~

~~board may deny an individual the right to continue as a qualified reviewer if a subsequent report and any letter of comments are issued containing the errors the reviewer was previously notified to correct or the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.~~

~~———— The reviewer must destroy all work papers upon notification from the board of acceptance of the review.~~

~~———— (Effective for reviews completed after December 31, 2008) Board's review of reports. After receipt of documentation from the reviewer and the firm under review, the board shall review the file and proceed with § 20:75:07:17 or 20:75:07:18. If the board determines that the firm under review does not comply with §§ 20:75:05:05 and 20:75:05:06, the board may require the reviewer to recall and reissue the report.~~

If the board determines that the reviewer has not issued the report or findings for further consideration in accordance with §§ 20:75:07:08 to 20:75:07:15, inclusive, the board shall return the report or the findings for further consideration, or both, to the reviewer for correction. The board may deny an individual the right to continue as a qualified reviewer if a subsequent report and any findings for further consideration are issued containing the errors the reviewer was previously notified to correct or the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.

The reviewer must destroy all work papers upon notification from the board of acceptance of the review.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(2)(9).

Law Implemented: SDCL 36-20B-36.

20:75:07:17. (Effective for reviews completed prior to January 1, 2009)

~~**Procedure in case of modified or adverse report.** If the report is designated modified or adverse, the board may request additional information or a response from the firm under review or from the reviewer to support or clarify the modified or adverse report and may attempt to have the firm subject to review correct the deficiencies through a consent agreement. The consent agreement must set forth a plan and schedule for correction of the deficiencies. The consent agreement may include the following:~~

- ~~—— (1) A requirement that the deficiencies be corrected within a specified time;~~
 - ~~—— (2) A requirement that the firm undergo a peer review during the calendar year following the date designated for correction of the deficiencies;~~
 - ~~—— (3) A requirement that the members of the firm complete continuing education in the areas of deficiency in addition to the continuing education hours required by SDCL 36-20B-27;~~
 - ~~—— (4) A requirement that the firm maintain a minimum library of source materials;~~
- ~~and~~
- ~~—— (5) Any other requirements that will effectuate the purpose of this chapter and SDCL chapter 36-20B.~~

~~—— If the board and the firm are not able to reach a consent agreement in regard to a plan and schedule for correction of the deficiencies, the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.~~

~~—— (Effective for reviews completed after December 31, 2008) **Procedure in case of pass with deficiency or fail report.** If the report is designated pass with deficiency or~~

fail, the board may request additional information or a response from the firm under review or from the reviewer to support or clarify the pass with deficiency or fail report and may attempt to have the firm subject to review correct the deficiencies through a consent agreement. The consent agreement must set forth a plan and schedule for correction of the deficiencies. The consent agreement may include the following:

(1) A requirement that the deficiencies be corrected within a specified time;

(2) A requirement that the firm undergo a peer review during the calendar year following the date designated for correction of the deficiencies;

(3) A requirement that the members of the firm complete continuing education in the areas of deficiency in addition to the continuing education hours required by SDCL 36-20B-27;

(4) A requirement that the firm maintain a minimum library of source materials;
and

(5) Any other requirements that will effectuate the purpose of this chapter and SDCL chapter 36-20B.

If the board and the firm are not able to reach a consent agreement in regard to a plan and schedule for correction of the deficiencies, the board may proceed in accordance with SDCL 36-20B-40 and 36-20B-41.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36, 36-20B-40, 36-20B-41.

Cross-References:

Results of review -- Exit conference, § 20:75:07:10.

~~Report—Letter of comments/~~Report -- Findings for further consideration,
§ 20:75:07:11.

~~Response to letter of comments/~~Response to findings for further consideration,
§ 20:75:07:12.

Reviewer's submissions to board -- South Dakota reviews, § 20:75:07:13.

Firm's submissions to board -- South Dakota reviews, § 20:75:07:14.

Board's review of reports, § 20:75:07:15.

20:75:07:18. (~~Effective for reviews completed prior to January 1, 2009~~)

~~**Procedure in case of unmodified report.** If the report is designated unmodified, the board may take no further action or it may request additional information or a response from the firm under review or from the reviewer with regard to the unmodified report. If the firm fails to respond in the manner requested by the board, the board may proceed in accordance with the provisions of SDCL 36-20B-40 and 36-20B-41.~~

~~——~~ **(Effective for reviews completed after December 31, 2008) Procedure in case of pass report.** If the report is designated pass, the board may take no further action or it may request additional information or a response from the firm under review or from the reviewer with regard to the pass report. If the firm fails to respond in the manner requested by the board, the board may proceed in accordance with the provisions of SDCL 36-20B-40 and 36-20B-41.

Source: 29 SDR 16, effective August 14, 2002; 35 SDR 165, effective December 22, 2008.

General Authority: SDCL 36-20B-12(9).

Law Implemented: SDCL 36-20B-36, 36-20B-40, 36-20B-41.

Cross-References:

Results of review -- Exit conference, § 20:75:07:10.

~~Report—Letter of comments~~/Report -- Findings for further consideration,
§ 20:75:07:11.

~~Response to letter of comments~~/Response to findings for further consideration,
§ 20:75:07:12.

Reviewer's submissions to board -- South Dakota reviews, § 20:75:07:13.

Firm's submissions to board -- South Dakota reviews, § 20:75:07:14.

Board's review of reports, § 20:75:07:15.

AICPA ETHICS CODIFICATION PROJECT

Briefing Paper

May 14, 2010

Introduction

In 2009, the AICPA launched the Ethics Codification Project to reformat and enhance its ethics literature. Similar to the *FASB Accounting Standards Codification*TM the AICPA ethics literature will be put into a logically structured, topical format and re-drafted using consistent wording conventions and styles.

Background

Like the much larger initiative to create the *FASB Accounting Standards Codification*TM from the accounting literature, the AICPA's Code of Professional Conduct (the Code) is in need of transformation. Existing in multiple locations, similar subject matters are sometimes disjointed, making it difficult for members to know for certain whether they have considered all the relevant matters. Further, some ethics guidance resides outside the AICPA Code (for example, informal AICPA staff positions and basis for conclusions documents, which carry no authority but provide helpful guidance or background on the rules). Codification provides an opportunity to re-evaluate that guidance and determine whether to propose that some of it be made authoritative and incorporated into the Codification.

Primary Objectives

The primary objective of the Codification Project is to improve the Code by making it topical and easier to use. Other important goals of codification will be to retain the substance of the existing AICPA ethics standards, improve research capability via the use of technology, and enhance the clarity of the Code through the use of consistent drafting conventions and styles.

Relationship of Codification to Convergence Efforts

Since 2001, the AICPA Professional Ethics Executive Committee (PEEC) has been converging the AICPA Code with the *Code of Ethics for Professional Accountants*, which is issued by the International Ethics Standards Board for Accountants (IESBA). As a member body of the International Federation of Accountants (IFAC), the AICPA agrees to have ethics standards that *at a minimum* meet the IESBA ethics standards. Therefore, the PEEC will continue to consider convergence issues as part of the Codification effort. In this context, "convergence" means the PEEC may propose changes to AICPA guidance that is less strict than guidance in the IESBA Code or does not exist in the current Code. However, any proposed changes to the AICPA Code resulting from these efforts will follow full due process as set out in the AICPA Bylaws, which includes exposure of the proposed standard to the membership and consideration of all comments at PEEC meetings that are open to

AICPA ETHICS CODIFICATION PROJECT
Briefing Paper
May 14, 2010

the public. Convergence does *not* mean that the PEEC will adopt lower standards when international standards are less strict. Rather, the PEEC will maintain the high ethical standards currently in the AICPA Code.

Though PEEC has not made a final decision about the format of the Codification, the IESBA Code is being considered as a structural model for the Codification. Due to the significant changes the PEEC expects to make to the structure and drafting conventions of the AICPA Code as a result of this project, the committee will expose the Codification to the membership and consider their comments before adopting the new Code. The PEEC will also communicate with and request input from constituent groups, including AICPA members, the state boards of accountancy, state CPA societies, accounting regulators and others, to ensure they are informed about the proposed changes.

The PEEC will also map each AICPA ethics rule and related guidance from the Code to its new location in the Codification to help members and regulators who need a comprehensive understanding of the final changes to the Code. For example, many accountancy boards incorporate the AICPA Code into their statutes or regulations by reference. Once the Codification is final, these boards may need to take certain actions, consistent with their states' mandates and other requirements. The PEEC will do all it can to help facilitate the boards' transition to the new Codification.

Status of the Project

The Codification Project is scheduled to take approximately 3 - 5 years to complete during which time it will continue to be discussed in all open meetings of the PEEC. The PEEC expects the planning phase of the project to be completed by fall 2010.



Mark Parkinson, Governor
Susan L. Somers, Executive Director

www.ksboa.org

May 2, 2010

Thomas J. Sadler, CPA
Chair, Nominating Committee
NASBA
150 Fourth Avenue North, Ste. 700
Nashville, TN 37219-2417

Re: Nomination of Telford A. Lodden, CPA
NASBA Central Regional Director for 2010-2011

Dear Tom:

The Kansas Board of Accountancy is pleased to nominate Telford A. Lodden, CPA, for the position of NASBA Central Regional Director for 2010-2011.

The Kansas Board believes that Mr. Lodden will continue to represent the interests of the Central Region. His professional experience, along with his extensive participation in civic and community affairs, in our humble opinion, qualify him to continue to serve as NASBA's Central Regional Director. We have been very pleased with Mr. Lodden's representation of our region over the past year.

Please accept this letter as our support of the nomination of Telford A. Lodden, CPA, as NASBA Central Regional Director.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Leiserowitz". The signature is fluid and cursive, written over a white background.

Jeffrey A. Leiserowitz, CPA
Chair

JAL:sls



Dave Heineman
Governor

STATE OF NEBRASKA
BOARD OF PUBLIC ACCOUNTANCY
P.O. Box 94725, Lincoln NE 68509
140 N. 8th St., #290, Lincoln, NE 68508
(402) 471-3595 or (800) 564-6111
Fax (402) 471-4484
Home Page: www.nbpa.ne.gov

May 17, 2010

Mr. Thomas J. Sadler, CPA, Chair
NASBA Nominating Committee
150 Fourth Ave. North, Suite 400
Nashville, TN 37219-2417

Re: Nomination of Telford A. Lodden, CPA/ Iowa for Central Regional Director

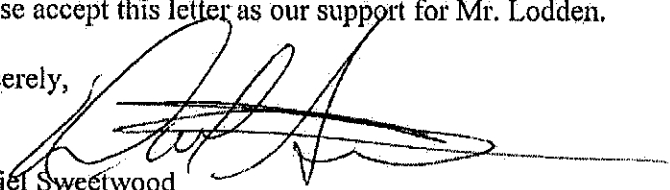
Dear Mr. Sadler:

The Nebraska State Board of Public Accountancy would like to support Mr. Telford A. Lodden, CPA, from the Iowa Board of Accountancy for the position of Central Regional Director for a second year. The Nebraska Board knows Mr. Lodden well as he has visited the Nebraska Board in the past to discuss issues involving mobility and continuing professional education. We believe Mr. Lodden has served the Central Region well and recently initiated a conference call to discuss areas of interest before the upcoming Regional Meetings that directly assists State Boards.

Mr. Lodden is well versed in the issues that confront State Boards and we are confident he will represent the interests of the Midwest Region before NASBA for a second year. His education, professional experience, and service to his community speak for itself.

Please accept this letter as our support for Mr. Lodden.

Sincerely,


Daniel Sweetwood
Executive Director
Nebraska State Board of Public Accountancy



BOARD OF ACCOUNTANCY

Mark Parkinson, Governor
Susan L. Somers, Executive Director

www.ksboa.org

May 4, 2010

Thomas J. Sadler, CPA
Chair, Nominating Committee
NASBA
150 Fourth Avenue North, Ste. 700
Nashville, TN 37219-2417

Re: Marianne Mickelson, Ed.D.
Nomination for position on the Nominating Committee as the representative for Central Region

Dear Tom:

The Kansas Board of Accountancy is pleased to nominate Marianne Mickelson, Ed.D, for a position on the Nominating Committee as the representative for the Central Region.

Ms. Mickelson has served on the Nomination Committee for the past two years. In addition, Ms. Mickelson has served on the Iowa Accountancy Examining Board for many years. I have personally known Ms. Mickelson for three years, and have worked with her on Central Region matters during that time period. I have found Ms. Mickelson to have taken her task as a Nominating Committee member very seriously, investigating and interviewing prospective board members, and providing our Central Region with knowledgeable feedback on each candidate.

The Kansas Board believes that Ms. Mickelson will continue to be a strong representative of our region as a member of the Nominating Committee.

Please accept this letter as our support in nomination of Ms. Mickelson for a position on the Nominating Committee as the representative for the Central Region.

Very truly yours,

Jeffrey A. Leiserowitz, CPA
Chair

JAL:sls

May 2, 2010

Thomas J. Sadler, CPA
Chair, Nominating Committee
NASBA
150 Fourth Avenue North, Ste. 700
Nashville, TN 37219-2417

Re: E. Kent Smoll, CPA
Nomination for position of NASBA Director at Large

Dear Tom:

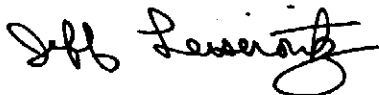
The Kansas Board of Accountancy is pleased to nominate E. Kent Smoll, CPA, for the position of NASBA Director at Large.

Mr. Smoll has served on several NASBA committees dating back to 1997. In addition, Mr. Smoll serves as Mayor of Dodge City, KS and is extremely active in local and statewide civic and community affairs.

The Kansas Board believes that Mr. Smoll is a valuable asset and will contribute greatly as Director at Large, with his extensive knowledge as a Board of Accountancy member (he has served on this Board since 1996) and a member of the accounting profession for over thirty years

Please accept this letter as our support in nomination of E. Kent Smoll, CPA, as Director at Large.

Very truly yours,



Jeffrey A. Leiserowitz, CPA
Chair

JAL:sis



New Mexico Regulation and Licensing Department

BOARDS AND COMMISSIONS DIVISION

Public Accountancy Board

5200 Oakland Avenue, NE, Suite D • Albuquerque, New Mexico 87113
(505) 222-9850 • Fax (505) 222-9855 • www.rld.state.nm.us

April 27, 2010

Bill Richardson
GOVERNOR

Kelly O'Donnell, Ph.D.
SUPERINTENDENT

Julie Ann Meade
DEPUTY
SUPERINTENDENT

Randall Cherry
CHIEF GENERAL
COUNSEL

Linda Trujillo
DIRECTOR

Mr. Thomas J. Sadler, CPA
Chair, NASBA Nominating Committee
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417

RE: Nomination of Leonard Sanchez, CPA, PFS, for NASBA Director-at-Large Position

Dear Mr. Sadler:

The New Mexico Public Accountancy Board is pleased to nominate Leonard R. Sanchez, CPA, PFS, to serve as Director-at-Large for 2010-2013. Mr. Sanchez has served as Director-at-Large for one term (2007-2010) as is eligible to serve a second term.

Mr. Sanchez holds a Bachelor of Business Administration degree in Accounting from the University of New Mexico and is currently a Financial Professional with AXA Advisors, LLC. Prior to that, he was a Financial Advisor with Transamerica Financial Advisors, Inc. and a tax partner with Moss Adams LLP. He is a licensed General Securities Registered Representative, and he holds a Personal Financial Specialist (PFS) designation from the American Institute of Certified Public Accountants (AICPA).

In addition to serving as Director-at-Large, Mr. Sanchez has served on numerous NASBA committees, including the Long-Term Strategy Committee, the Examinations Committee, the Strategies Initiative Committee, the Ethics Committee, and the Nominating Committee. He also served as Southwest Regional Director from 1996-1998, and he has served on the International Qualifications Appraisal Board.

Mr. Sanchez served on the New Mexico Public Accountancy Board from 1991 to 1999, and he served as Chairman in 1996. He was reappointed to the Board in 2003, and he served as Chairman in 2006 and again in 2009. He is extremely committed to upholding the highest standards in the public accountancy profession. He received the Community Service Award from the New Mexico Society of Certified Public Accountants in 1984, and he received the Outstanding CPA in Public Practice Award from the New Mexico Society of CPAs in 1994. In 2000 he was selected as Financial Executive of the Year by the Accountants on Call/Institute of Management. In 2007 he received the Lifetime Achievement Award from the New Mexico Society of Certified Public

Alcohol and Gaming Division
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Boards and Commissions Division
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Construction Industries Division
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Financial Institutions Division
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Manufactured Housing Division
(505) 476-4770

Securities Division
(505) 476-4580

Administrative Services Division
(505) 476-4800

Accountants, and in 2009 he was inducted into the University of New Mexico Anderson School of Management Hall of Fame.

Mr. Sanchez is also involved extensively in the community. He currently serves or has served on the Albuquerque Hispano Chamber of Commerce, the Greater Albuquerque Chamber of Commerce, the New Mexico Economic Forum, Governor Bill Richardson's Task Force on Ethics Reform, and the United Way, to name a few.

The members of the New Mexico Public Accountancy Board are pleased to nominate Mr. Sanchez to serve as Director-at-Large for a second term.

Sincerely, on Behalf of the Board,

Patricia Soukup
Executive Director
New Mexico Public Accountancy Board

cc: Mr. David Costello, CPA, NASBA President and CEO
Mr. Billy Atkinson, CPA, Chair, NASBA Board of Directors
Members, New Mexico Public Accountancy Board
State Boards of Accountancy

National Association of State Boards of Accountancy, Inc.

**Meeting of the Board of Directors
January 15, 2010 – Westin Savannah Harbor – Savannah, GA**

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 9:05 a.m. on Friday, January 15, 2010 at the Westin Savannah Harbor in Savannah, Georgia.

2. Report of Attendance

Executive Vice President Joseph Cote 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
David D. Duree, CPA (TX), Southwest
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
E. Kent Smoll, CPA (KS), Central
Laurie J. Tish, CPA (WA), Pacific
Michael Weinschel, CPA (CT), Northeast

Executive Directors' Liaison

Daniel Sweetwood (NE)

Staff

David A. Costello, CPA, President and Chief Executive Officer (Part of afternoon session)

Joseph T. Cote, CPA, Executive Vice President and Chief Operating Officer

Ken L. Bishop, Senior Vice President

Michael R. Bryant, CPA, Chief Financial Officer

Louise Dratler Haberman, Director - Information and Research

Thomas G. Kenny, Director – Communications

Troy A. Walker, CPA, Controller

Noel L. Allen, Esq., Legal Counsel

3. Approval of Minutes

NASBA Secretary Hansen presented the minutes of the October 30, 2009 meeting. On a motion by Ms. Herting, seconded by Ms. Smith, the minutes of the October NASBA Board of Directors' meeting were approved with corrections.

4. Election of Board Secretary

Chair Atkinson called for nominations for Board Secretary. Mr. Isserman nominated Mr. Hansen. The nomination was seconded by Mr. Johnson. There were no additional nominations. By a unanimous vote, Mr. Hansen was elected Secretary.

5. Report of the Chair

Chair Atkinson reported the Executive Committee had met on January 14 and had determined they will ask the Board of Directors for a formal vote to allow Chair Atkinson and President Costello to sign, on the Board's behalf, the extension of the computer-based testing agreement with the AICPA, and the contract with the AICPA for the international administration of the Uniform CPA Examination, which are both close to being finalized. The Executive Committee also spoke about the new blue ribbon panel, sponsored by the Financial Accounting Foundation, NASBA and the AICPA, to address private company accounting standards. Mr. Hansen asked if the panel members would all have agreed that International Financial Reporting Standards for small and medium entities was a foregone conclusion. Mr. Atkinson assured him it would be a balanced panel.

The Internal Revenue Service has issued a request for proposal on testing for tax preparers and registration of preparers, Chair Atkinson reported, and the NASBA staff was working on that. A "summit" meeting is planned with AICPA leadership on February 12 and Chair Atkinson asked the Board members to tell him topics they would like addressed at that meeting. He also has meetings scheduled with the CPA Society Executives Association and the Accounting Program Leadership Group.

Participant comments on the 2009 Annual Meeting were considered by the Executive Committee. They concluded the agenda was outstanding, but keeping the meeting on time

continues to be a problem, Chair Atkinson observed. Reports on the Regional Breakfast Meetings were requested in the evaluations, he noted.

Messrs. Atkinson and Costello addressed the AICPA's Annual SEC Conference, which was attended by over 1500 people with several thousand more watching in locations throughout the country. Chair Atkinson said he had covered in his presentation enforcement issues and what the protocols are for responding to a State Board. He noted the SEC's enforcement director's talk was pretty strong.

Letters from NASBA developed by the Regulatory Response Committee and signed by NASBA's Chair and President were sent out on October 30, November 10 and January 7, Chair Atkinson said. He listed the many NASBA committee meetings and conference calls he had participated in since taking office in November. He had presented Ellis Dunkum the 2009 NASBA Distinguished Service Award at a meeting of the Virginia Board of Accountancy.

Chair Atkinson called on NASBA Legal Counsel Noel Allen to summarize the US Supreme Court's hearing of the case against the Public Company Accounting Oversight Board, heard on December 7, 2009, for which NASBA had submitted an amicus curiae brief.

6. Report from Legal Counsel

Mr. Allen said the justices and attorneys had a lively debate when they heard oral arguments in *Free Enterprise Fund v. Public Company Accounting Oversight Board*. All the justices but Justice Clarence Thomas had a question. Mr. Allen said it is impossible to determine what the Court's final decision will be based on the arguments, but there are three possible scenarios: 1- The Court may affirm the Sarbanes Oxley Act and not change anything; 2- The Court may make changes to the PCAOB; 3- The Court may determine it is premature to decide this issue since no person brought before the Court had been harmed.

Mr. Parsons said a Nevada firm brought this action and it could be brought before the Nevada Accountancy Board for revocation based on the PCAOB's review. He asked if he could confer with Mr. Allen, and he agreed.

Although the firm had lost its SEC clients, that was not the way the case was presented to the Supreme Court. The argument brought before the Court was on an administrative level, maintaining the SEC did not have enough involvement in the PCAOB, Mr. Allen explained.

7. Report on Meeting with ARSC Representatives

Chair Atkinson asked Past Chair Sadler to report on his January 7, 2010 meeting with representatives of the AICPA's Accounting and Review Services Committee relative to their proposal to permit non-independent review reports. Mr. Sadler, Mr. Hansen, Mr. Isserman, Ms. Biek and Ms. Haberman, met with ARSC Chair Carolyn H. McNerney, ARSC member Cassandra A. Camp, AICPA Vice President Chuck Landes and AICPA Staff Michael Glynn. Mr. Sadler characterized the meeting as a "listening tour." The NASBA representatives were eager to know what caused this proposal to be advanced. Ms. McNerney said smaller CPA firms

were complying with ET 101-3 in form only. Mr. Sadler argued there was no concrete documentation of the issues. Mr. Sadler said in his peer review work he has not seen pervasive problems with 101-3 compliance. ARSC has released its new standards, omitting the non-independent review report. The AICPA's Professional Ethics Executive Committee has formed an ET 101-3 Task Force. Mr. Hansen agreed that the discussion should go back to PEEC. Mr. Isserman observed that from the papers prepared for ARSC, it appears the banks were the drivers for this proposal, but he thought that may have resulted from the way the survey document was constructed. He felt the issue is still on the table and, if it is not settled by PEEC, it may come back again.

8. Report from Operations

Executive Vice President Cote reported NASBA is continuing to work at "Opening Doors," the theme of the 2009 Annual Meeting. He pointed to NASBA's moving into a position to participate in the FAF/AICPA/NASBA blue ribbon panel on standards for private companies. He also reported NASBA is close to having a contract for the international administration of the Uniform CPA Examination, as well as an extension of the computer-based testing agreement with the AICPA. However, first, the attorneys are settling some contract provisions with Prometric. Notices have gone out to state boards telling them Prometric's fees for the examination are coming down because of the increased number of candidates, while the AICPA's and NASBA's are unchanged.

Pilot test sites for the international administration of the examination will be in Lebanon, Israel, Bahrain, United Arab Emirates and Japan, Mr. Cote stated. These site selections were based on advice from Prometric that their centers are well established in these countries and the risk to intellectual property was the least. NASBA is also discussing exercising its five-year extension on the lease for the Guam Testing Center. Currently the Commonwealth of Guam receives approximately \$600,000 per year from the Testing Center's operations.

The Internal Revenue Service has sent out a request for proposal to help them with their new paid tax preparer registration requirements. Mr. Cote said NASBA's Professional Credentials Services was interested in housing the registration information for the IRS. Mr. Bishop said NASBA has put together a team to respond promptly to the RFP.

Vice President Cote also mentioned that NASBA's participation so the AICPA's Annual SEC Conference was also a major step for NASBA. He listed several information technology projects NASBA is pursuing. These included a new version of "CPETracking," to be released soon as "Calibrate"; EdValue software to enable potential CPA candidates to see if they qualify to take the Uniform CPA Examination; and software for the CPE Registry and Quality Assurance Service that is more user-friendly.

NASBA is now using Zimbra for its e-mail, which is totally Web-based. The disaster recovery site for NASBA has been moved to an outside service center, SunGuard, in Atlanta, and a new business sustainability system is being installed, Mr. Cote said. NASBA is also setting up an enterprise portal using SharePoint.

The "CPE Expo" held in September 2009 is being restructured and now called "NASBA Summit 2010," Vice President Cote said. It will be a leadership, ethics and accounting conference that will incorporate NASBA's CPE Conference and will draw on the expertise of the Center for Public Trust. The multi-track event will be held September 29-30, 2010 at the Hynes

Convention Center in Boston. It will have booths, including one for NASBA at which State Board executives will be available to answer attendees' questions.

Questions were raised by the Board members about how Summit 2010 would be marketed, to whom it would be targeted and the availability of continuing professional education credit. Chair Atkinson assured the Board that they would be receiving periodic financial updates on the NASBA Summit 2010 and that the NASBA staff would consider the Board members' concerns. *[Subsequent staff deliberations resulted in the cancellation of the event.]*

Vice President Cote remarked that the Center for the Public Trust had co-sponsored an informative conference with Baruch College of the City University of New York on December 2, 2009. NASBA for the fifth year in a row was found to be one of "The Best Places to Work" by the *Nashville Business Journal* and employee contests continue to make it a fun place to work. Mr. Cote noted the staff recently had a chili cook-off and an ugly sweater contest.

9. Report of the Administration and Finance Committee

Treasurer Sanchez reported the A&F Committee had met on January 14. There are seven members of the Committee, including Robert A. Pearson (MO) and Robert B. Cagnassola (NJ) as the newest members. NASBA is on track to meet its budget, with excess before investment income of \$1,075,000, Mr. Sanchez reported. He said "overall the organization is in good shape." Chief Financial Officer Bryant explained that NASBA is looking at ways to be more efficient so that it does not need to add staff positions at this time.

Treasurer Sanchez said that Kathy Phillips was hired as the first full-time Director of Development for the NASBA Center for the Public Trust (CPT) and is expected to make a difference in additional contributions for the CPT. Chair Atkinson asked that Ms. Phillips submit a report for the next Board meeting. CFO Bryant said the goal is to get CPT self-funded. Mr. Isserman recommended that NASBA's financial statements and projections include its CPT subsidy. Mr. Sanchez said that would be discussed at the next A&F Committee meeting.

CFO Bryant said NASBA customers had been asking if NASBA is meeting the information security requirements of the PCIE. To fix the existing systems would cost an additional \$200,000. Instead, the Information Technology Department decided to accelerate its work on examination area changes, which can be capitalized. The renovation of NASBA's eighth floor is being postponed, and by moving data backup to SunGuard, money is being saved that would have been spent in the Nashville or the Lebanon facilities for backup. Mr. Bryant called these "good decisions for our organization." Treasurer Sanchez asked the Board to increase the capital budget by \$140,000. A motion to approve the increase was made by Mr. Weinshel, seconded by Ms. Herting, and was passed.

10. Report of the Enforcement Assessment and Best Practices Committee

Enforcement Assessment Committee Chair Weinshel said the group had met in December and had come away with an aggressive timeline to have a manual ready for exposure at the 2010 Regional Meetings, with a final version completed by the 2010 Annual Meeting. They are also considering how regional compacts could help states with enforcement.

Ethics and Strategic Professional Issues Committee Chair Parsons said they are looking at legal challenges the Boards are confronting. Hawaii and other states have reported legal

challenges. The Committee met in December, and Mr. Parsons explained they had divided into three groups: the piling on subcommittee, which is working with The Accountants Coalition; the government agency referral subcommittee working with Linda Biek; and the resources subcommittee working with Michael Skinner. Mr. Parsons said Mr. Skinner's group is approaching states and asking them where they would like assistance from NASBA. Some of the smaller states feel they cannot handle large cases, like the Madoff case.

Mr. Sweetwood asked if the manual will have suggestions for both small and large states. Mr. Weinshel responded that it would include what specific states are doing that has proven enforcement value.

11. Report of the CPA Licensing Examinations Committee (CLEC)

Committee Chair Davenport reported he had attended the AICPA Board of Examiners' meeting the previous week in Dallas. CBT-E will be launched in 2011, as will the international administration of the Uniform CPA Examination, the BOE was told. IFRS questions are to be on the Uniform CPA Examination beginning in the first quarter of 2011, but this is not a BOE endorsement of having IFRS adopted by the AICPA, Mr. Davenport said.

The BOE agreed to look at the feasibility of substituting the Regulation section of the Uniform CPA Examination for the current IQEX examination, Mr. Davenport stated. IQEX is currently only administered one month of the year and the number of candidates has been declining.

To facilitate the selection of the Sells Award winners, who are first time candidates with the highest scores in all parts, the BOE wants NASBA not to record candidates as repeat candidates when they have never taken that section, though they have taken others previously.

Mr. Hansen observed that placing IFRS on the Uniform CPA Examination is a way of promoting it. He asked, "Why are we testing students on something they are not required to use?" Mr. Daggett agreed inclusion of the IFRS questions is premature, but the Board of Examiners had assumed they would need to catch up with IFRS implementation. Mr. Hansen said the inclusion of IFRS questions, from a policy standpoint, should have been discussed by the NASBA Board. Mr. Atkinson observed that the appropriateness of including the questions goes back to what the SEC decides to do about its "Roadmap" for IFRS. Ms. Smith recommended that the NASBA BOE members be made aware of the NASBA Board's concerns. Chair Atkinson asked CLEC Chair Davenport to discuss this with his committee.

12. Report of the Compliance Assurance Committee

Committee Chair Odom reported the Committee's paper on peer review, presented to the NASBA Board at its October 2009 meeting, had been delivered to the AICPA Peer Review Board (PRB) for their consideration. Janice Gray, a State Board representative on the Peer Review Board, had said she anticipates the paper will be discussed at the PRB's January 22, 2010 meeting. The Compliance Assurance Committee will take no further action on the paper until they hear back from the PRB.

The Committee is looking at what other countries are doing in respect to oversight of peer review. Another conference to enable states to exchange information on their peer review

programs is under consideration by the Committee. New York, California and Illinois have all recently adopted required peer review, Mr. Odom pointed out.

Included in the next quarter's Regional Directors' Focus Questions is a question on the mechanisms State Boards use to verify statements firms make about doing audit work, thus subjecting them to peer review, Mr. Odom reported.

13. Report of the Executive Directors Committee

Committee Chair Sweetwood reported there were several State Boards with new executive directors this year and he encouraged NASBA to continue its "NASBA U" orientation program for them. At the NASBA Annual Meeting, the executive directors discussed at their breakfast meeting how decisions are made by NASBA, the Nominating Committee process and the impact of the international examination administration on State Boards, Mr. Sweetwood reported. The 2010 Executive Directors Conference in Nashville will be a great opportunity for the executive directors to meet with the NASBA staff, he said. Topics to be covered at that meeting include: mobility implementation, electronic funds transfer, background checks and registration of tax preparers.

Mr. Hansen asked if doctored electronic documents were under discussion by the executive directors. Mr. Sweetwood said he would bring that up at the next meeting.

Chair Atkinson suggested the executive directors discuss the NASBA Nominating Committee process at the conference to clarify how they would like the process changed. Ms. Smith pointed out that letting the Region select its Regional Director has been a recurring suggestion for years.

14. Report of the Audit Committee

Audit Committee Chair Duree said NASBA's audit partner at Lattimore Black Morgan & Cain, PC, had been rotated, in accord with a practice recommendation by NASBA's Audit Committee.

15. Report of the Committee on Relations with Member Boards

Committee Chair Burkett reported the Regional Directors had reviewed what had been discussed at the Annual Meeting's Regional Breakfast Meetings. The Committee began planning for the 2010 June Regional Meetings and decided to expand the question and answer periods and the individual Regions' meetings. How best to report what is covered at each of the Regional breakout sessions is under consideration. The New Board Member Orientation Program is being reviewed and edited to make the sessions more interactive.

16. Report of the Ethics & Strategic Professional Issues Committee

Committee Chair Hansen said his committee had met on December 17 in San Antonio. They had read Michael Brewster's book *Unaccountable: How the Accounting Profession Forfeited a Public Trust* in preparation for their meeting. The Committee is considering two issues: (1) uniform independence rules and (2) rules to prevent audits being performed at a loss.

PEEC may be looking at rules proscribing audits at a loss too, Mr. Hansen noted. The Committee submitted some potential Focus Questions to the Committee on Relations with Member Boards.

17. Report of the Communications Committee

Communications Committee Chair Flowers reported the Annual Meeting's breakfast meeting held for State Board Communications Officers was very well attended. A summary of the Communications Officers' states' outreach activities was included in the Board's agenda materials. The Communications Committee will have their first conference call on January 21 and they will meet early in February, Ms. Flowers stated. They will consider social media for State Boards, as well as assistance the Communications Committee can provide to other NASBA committees. Breakfast meetings for the Communications Officers are planned in conjunction with the 2010 Regional Meetings and the 2010 Annual Meeting.

18. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Tish reported the NASBA and AICPA UAA Committees met on November 18. At that time they reviewed the suggestions of the joint study group's white paper on "CPA Firm Names" and concluded that UAA Model Rule 14-2 should be deleted but key pieces of it need to be placed in Model Rule 14-1. The big issue facing the UAA Committee is consideration of common brands, Ms. Tish observed. The UAA Committee expressed their agreement with the checks and balances presented in the AICPA's proposed ET 101-17 on network firms, and they would like to build their proposed Model Rules on that document, once it is final. Ms. Tish said ET 101-17 is expected to be released in final form by the end of January. She has named a small task force including Andrew DuBoff, Dwight Hadley and Tom Mulligan to work with AICPA representatives to move forward with proposals based on that interpretation.

During the November meeting, the UAA Committee also talked about confidential communications as related to giving notice to clients if documents are subpoenaed. Mr. Allen had drafted a proposed modification to the Act to cover that situation and AICPA Counsel Virgil Webb is reviewing it. There was also a brief discussion to consider if rules changes are needed to cover IFRS, with legal staff being asked to give this matter their consideration and then to report back during the next joint UAA Committee conference call.

19. Report of the Bylaws Committee

Bylaws Committee Chair Herting presented three recommendations for Bylaws Changes developed during several conference calls. She explained the first change to Article IV, Section 5 Terms of Office, is for clarification. Mr. Isserman moved to include the word "complete" in stating "Directors-at-Large shall be elected...and may serve a maximum of two **complete** terms. " The amendment to the proposed Bylaws change was seconded by Mr. Hansen and all approved the change as amended.

The second change proposed by the Committee is to Article IV, Section 7 Qualifications and Limitations, and on a motion by Mr. Isserman, seconded by Mr. Hansen, all approved the changes as proposed. The third recommended change is to Article III, Section 2 Delegates. On a motion by Mr. Isserman, seconded by Mr. Hansen, all approved the change as proposed.

Ms. Smith noted that at the Board's meeting in July 2009 additional issues had been brought forward for Bylaws changes and had been postponed for future discussion. Committee Chair Herting said two items still had not been finalized by the Bylaws Committee and the Committee would try to have them ready for the Board's discussion at the April 2010 Board meeting. All Bylaws changes would need to be voted on by the member Boards in October.

20. Report from State Board Relevance and Effectiveness Committee

Committee Chair Johnson explained the new committee had been formed by combining the Model Board Committee and the Legislative Support Committee. The new committee met via conference call on December 18 and will meet on February 1 in Oklahoma City. To accomplish its goals, Chair Johnson has divided the large committee into four subcommittees. He will give a report on their progress at the Executive Directors Conference on March 23 and expects to have a draft paper for discussion at the 2010 Regional Meetings.

Mr. Johnson explained the paper will be focused on the creation of an independent board. The committee will also continue to build the Legislative Support Web page on the NASBA Web site, as this is a valuable tool, Mr. Johnson stated. He anticipates the Committee will be working with the Communications Committee.

21. Report from the President

President Costello announced that Executive Vice President / Chief Operating Officer Cote plans to retire at the end of 2010. Mr. Bishop has been selected to succeed Mr. Cote, President Costello stated. Mr. Bishop will become COO effective February 1, 2010 and Mr. Cote will continue as Executive Vice President until the end of the year.

Since 2002, the AICPA and NASBA have had a good relationship in providing the Uniform CPA Examination, President Costello observed. He said that State Boards and candidates "have had a tremendous experience with the CPA exam." However, in October 2009 an issue about insurance coverage with Prometric, covered under Section 4-13 of the computer-based testing agreement, surfaced. NASBA's and Prometric's attorneys are meeting on this matter. President Costello said they expect to have this issue resolved before the end of January and a material settlement, which will be reflected in NASBA's financial statements, is expected to result.

Mr. Bishop showed a PowerPoint presentation to the Board detailing the issues covered in the extension of the CBT agreement until January 2024 with the AICPA. The most significant change is control of the Board of Examiners, he stated, including rotation of which organization holds the chairmanship. This extension agreement also has improved escrow features and changes have been made reflecting what the NASBA Board discussed at the July 2009 meeting, Mr. Bishop stated.

Ms. Smith asked if the Board would see a final draft of the agreement and Mr. Bishop said they would not, as final changes were expected to be made within the next few days. He

assured the Board that the provisions as discussed with the Board would be included in the final agreement. President Costello recalled the Board had not seen the final draft of the previous CBT agreement directly prior to its signing. Chair Atkinson asked for a motion to authorize him and President Costello to sign the agreement corresponding to what had been discussed with the Board. Mr. Davenport made the motion, seconded by Ms. Tish, and all approved.

Mr. Bishop then reviewed the provisions of the international test administration contract with the AICPA. He noted that “domestic internationals,” i.e., non-US candidates who want to take the examination in their home country, would need to pay an additional fee to do so, about \$200 more than if they took the examination in the United States. Those testing at non-US sites would be asked to complete an additional information form, including a pledge to become licensed within three years and an agreement to have their score withheld if there is cheating. A database will be built to capture increased demographic information about the candidates who take the examination outside the United States, which will tie to the Accountancy Licensee Database and provide more information to the AICPA. Mr. Bishop said the International Test Administration Task Force has gone to most of the states which have no residence requirements, and that receive most of the non-US candidates, to ask them for their specific concerns about the project. Mr. Bishop said the project would not be launched until the task force has met with all those states.

Mr. Davenport asked if NASBA, AICPA and Prometric all had to agree on the pilot sites. Vice President Bishop responded that Prometric has to have a testing site and market in the location selected.

Mr. Sweetwood recalled that at the 2009 Executive Directors Conference there was a presumption that the boards would see a business plan for the project. Executive Vice President Cote responded that an outline could be provided that would be informative but would not contain confidential information.

Mr. Hansen asked if the ACCA, which offers a professional designation, knows about this project. Mr. Bishop responded they do.

Mr. Johnson made a motion to authorize Chair Atkinson and President Costello to sign the international test administration agreement as described to the Board. Mr. Duree seconded and all approved.

22. Report of the Education Committee

Education Committee Chair Harris reported the Education Committee has formed three task forces: 1-Demographic & Education Profile Data Task Force; 2-Accounting Curricula Evolution Task Force; and 3-Human Capital & Faculty Enrichment Task Force (which has five parts). NASBA had offered to provide an ad hoc member to the American Accounting Association’s panel, which is being formed in response to the Department of Treasury’s Advisory Committee on the Auditing Profession’s (ACAP) recommendation in the human capital segment of its final report.

Mr. Harris reported NASBA Chair Atkinson had announced NASBA’s willingness to provide resources to the blue ribbon education commission. It is to be called “The Pathways Commission” and will have 5-6 members plus working groups that will include stakeholders, Professor Gary Previts told Mr. Harris when they spoke the previous week. Mr. Harris felt the AICPA had already been consulting with the AAA on the Commission and he urged NASBA’s

executives to bring this up at their summit meeting with the AICPA in February. Mr. Harris said that, "NASBA should be part of this in the locomotive – not the boxcar."

23. Report of the Regulatory Response Committee

Response Committee Chair Isserman reported NASBA will be sending a letter to the Senate committee considering a bill that would permanently exempt smaller companies from PCAOB internal control practice reviews. Mr. Isserman asked the Board members to share their reviews on the legislation with him. Chair Atkinson asked if investors are supposed to have less confidence in smaller rather than larger companies? Mr. Hansen recommended that NASBA respond in support of the public interest and noted that the SEC had proposed considering scalability of risk for entities with earnings of less than \$5 million. Mr. Isserman said that approach had not been covered in the bill passed by the House and questioned if NASBA should bring that up in its response. He suggested that review of internal controls be supported for all size entities, but the reviews should be scaled down for smaller entities. Mr. Long agreed and Mr. Duree suggested a line in the sand needed to be drawn.

24. Report of the Continuing Professional Education Advisory Committee

CPE Committee Chair Long reported quarterly communications on operating issues were being sent to CPE sponsors. The communications cover updated interpretations of standards for giving CPE programs. The CPE Committee will hold a conference call on January 19 to review comments and responses on interpretations of self-study course work examination failures. They will also discuss EDMAX's concerns about issues that affect them, the potential impact on tax preparers of new CPE requirements and the next NASBA CPE Conference.

On February 5 Mr. Long will visit the Florida Board with Executive Vice President Cote. Mr. Odom said when he visited the Florida Board in December he had encouraged them to become more involved in NASBA activities and committees.

25. Report from the Accounting Licensee Database (ALD) Task Force

Task Force Chair Sweetwood said consideration of the public side of the ALD has * started. NASBA is offering support to help states become part of the ALD. Michael Semich, senior Web developer, has been assigned to help boards with IT issues. Twenty-two states are already on the ALD and the project continues to move forward, Mr. Sweetwood observed.

26. Report on the International Qualifications Appraisal Board

Ms. Haberman asked the Board to take note of the material in the agenda pack outlining IQAB's work on several Mutual Recognition Agreements. She recalled that using the Regulation Section of the Uniform CPA Examination in place of IQAB had been suggested at the October 2009 IQAB meeting, as well as at the BOE meeting attended by Mr. Davenport, and the IQAB members had not objected to the proposal, as it would enable the examination to be administered more frequently.

27. Other Committee Reports

Chair Atkinson said the Global Strategies Committee would be meeting within the next few weeks and would have a report.

28. Future Board Meetings

Chair Atkinson announced the Board of Directors will meet: April 22-23 in Napa, CA; July 22-23 in National Park, WY; and October 21-22 in San Antonio.

29. Adjournment

The meeting was adjourned at 4:48 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

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

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, April 23, 2010 at the Silverado Resort, in Napa, CA, the Board took the following actions:

- Accepted the retirement of President David A. Costello, effective January 1, 2012. Mr. Costello, NASBA's longest serving chief executive, told the Board he intends to "re-fire" rather than "retire," and pledged to aid in the transition of his replacement.
- Approved the Executive Committee's proposed process for the creation of a Selection Advisory Committee (SAC) to identify candidates and the finalist for NASBA's next President. It is anticipated the Board of Directors will vote on Mr. Costello's successor following a selection process of 9-12 months. The selection process is to be discussed with the State Boards at the 2010 Regional Meetings. The SAC members are: John Peace (AR) – chair, Jimmy Burkes (MS), Charles Clark (ID), Andy DuBoff (NJ), Ellis Dunkum (VA), Theodore Long (OH), Diane Rubin (CA), Kent Smoll (KS), Laurie Tish (WA), and William Treacy (TX).
- Received a report from the Nominating Committee on their selection of Mark P. Harris (LA) for NASBA Vice Chair 2010-2011. Committee Chair Thomas Sadler (WA) called on the boards to submit to him by June 1 their candidate recommendations for all Regional Directors and three Directors-at-Large. In addition he urged recommendations for members on the Nominating Committee from the Central, Middle Atlantic, Pacific and Southeast Regions be submitted to aholt@nasba.org by May 14.
- Approved a restructuring of the Examination Review Board to include five members (plus a possible transition team) who will approve the scope of reviews, review programs and oversee the activities of all auditors, consultants and reviewers done to carry out the ERB's charge.
- Approved changing the fiscal year end date for the ERB operating year from June 30 to July 31 (to coincide with NASBA's and the AICPA's fiscal years) beginning in 2010.
- Learned from NASBA Chair Billy Atkinson (TX) the extension until 2024 of the Uniform CPA Examination agreement was signed with the representatives of the AICPA and Prometric on March 4, 2010. Mr. Atkinson thanked the negotiating team, including President Costello, COO Ken Bishop and Legal Counsel Noel Allen, and observed that the extension covered all the points as discussed at the Board's January meeting.
- Heard a report from NASBA Chair Atkinson on the initial meeting of the AICPA/FAF/NASBA Blue Ribbon Panel on U.S. Accounting Standards for Private Companies' Financial Statements. Chair Atkinson also reported on the summit meeting

of NASBA and the American Institute of Certified Public Accountants' leaders held on February 12, and his meetings with the CPA Society Executives Association, the APLG/FSA, Houston Chapter of the Texas Society of CPAs, the Accounting Lyceum at the University of Illinois, and several NASBA committees.

- Received a report on the financial results of the six months ended January 31, 2010 from Treasurer Leonard Sanchez (NM) and Chief Financial Officer Michael Bryant stating 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.

- Heard a presentation from CFO Bryant covering the Investment Committee's responsibilities and accomplishments and an overview of NASBA's risk management.

- Heard a report from President Costello on NASBA's activities including: his upcoming meeting with representatives of the Chinese Institute of CPAs; ongoing staff development projects and the March 1-2 NASBA staff directors' retreat; and growth of NASBA information technology services. He announced the Professional Credential Services, Inc., board of directors has selected as PCS president Denise Hanley, president of NASBA's association management administrative services line of business. PCS is the wholly owned subsidiary of NASBA.

- Heard from Executive Directors Committee Chair Dan Sweetwood (NE) a report on the NASBA Executive Directors' Conference, March 22-24, 2010, in Nashville, TN. Chair Atkinson congratulated Mr. Sweetwood and the Executive Directors Committee for developing an informative and interesting conference.

- Learned from Senior Vice President and COO Ken Bishop that 47 states have passed mobility legislation, with Alaska becoming the most recent state to pass legislation. The Alaska bill has been sent to the Governor.

- Received an update from Mr. Bishop on the progress of contract talks on the international administration of the Uniform CPA Examination. The current goal is to complete the three-party contract (NASBA, AICPA and Prometric) in the fall of this year with implementation of the pilot program by the fall of 2011.

- Received a report from Relations with Member Boards Committee Chair Donald Burkett (SC) on the responses received to the last quarter's Focus Questions, which found State Boards citing as their top concern state budget restrictions.

- Heard from Continuing Professional Education Advisory Committee Chair Theodore Long (OH) that the Committee is about to undertake a review of the CPE Standards and the CPE Sponsor Registry's Frequently Asked Questions to ensure they are in accord.

▫ Learned from Executive Vice President Joseph Cote that 26 states are now fully participating in the Accountancy Licensee Database, and 20 others are preparing to join.

Next NASBA Board meeting scheduled for July 23, 2010 in Jackson Hole, WY.

Distribution:

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

**Executive Summary of
January 22, 2010 – April 9, 2010
Regional Directors Focus Questions Responses**

(Respondents - 39 Jurisdictions)

1. Is your Board doing anything to verify a firm's assertion that it is not performing attest services? If so, please explain.

No: 25

Yes: 12

N/A: 2

2. What are your Board's top three concerns for 2010?

Three topics most frequently identified:

- (1) Budget and financial security
- (2) Mobility and associated issues
- (3) 120/150 course requirements

Peer review, enforcement issues and modernizing operations also mentioned frequently.

3. What is the most effective way for your Board to communicate its issues to NASBA?

Most common responses: E-mail, NASBA Meetings, Focus Questions and interaction with Regional Directors

4. Helpful information presented at New Board Member Orientation Program:

- Overview of NASBA services
- Mock board meeting
- Current regulatory issues (Freedom of Information Act, court cases, etc.)
- Reference materials

5. Some interesting highlights:

CA – Eliminating 120 pathway and requiring 10 units of ethics education for licensure.

CO – No longer accepting ACCA accreditation for licensure requirements

CT – Five Madoff related enforcement cases being pursued

HI – Firm registration to begin in July 2010

IL – Moving from two tier to one tier state

See Regional Directors' Focus Questions Report for details.

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between January 22, 2010 and April 9, 2010. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Donald H. Burkett (SC) – Chair, Committee on Relations with Member Boards,
Middle Atlantic Regional Director*

David D. Duree ((TX) – Southwest Regional Director

Claireen Herting (IL) – Great Lakes Regional Director

Telford A. Lodden (IA) – Central Regional Director

Kenneth R. Odom (AL) – Southeast Regional Director

Harry O. Parsons (NV) – Mountain Regional Director

Laurie J. Tish (WA) – Pacific Regional Director

Michael Weinschel (CT) – Northeast Regional Director

1. Is your Board doing anything to verify a firm's assertion that it is not performing attest services? If so, please explain.

No – AK, CA, CO, CT, IA, IN, GU, MD, MN, MO, MS, MT, ND, NE, NM, NY, PA, PR, RI, SC, SD, TN, VT, WI, WY

Yes – AL, AZ, ID, IL Div.Prof.Reg, KS, LA, NC, NH, NV, TX, WA, W.VA

N/A – HI, IL BOE

Alabama – Verbal inquiries and requests for written responses by licensees on occasion.

Arizona – On our firm renewal application, we have a section regarding peer review where we ask the following question:

Within the three years prior to your renewal, has your firm provided one or more of the following services: (A) Audits of historical or prospective financial statements; (B) Reviews of historical or prospective financial statements; (C) Compilations of historical or prospective financial statements (with disclosures on which a report was issued).

We also have the following language to attest to the application and require signature:

“I hereby certify under penalty of perjury, that I am the owner of the above-named CPA office, that I have read this renewal form and know the contents thereof; that all the statements and information contained herein, including all supporting documents, are true, accurate and correct in every respect, to the best of my knowledge and belief.”

California – The California Board of Accountancy does not currently inquire with firms as to whether or not they perform attest services. However, with the implementation of California's new Peer Review program, all firms must now notify the CBA if they perform auditing and accountancy services.

Colorado – Colorado does not have mandatory peer review so verification is not necessary.

Guam – Not specifically.

Hawaii – Not applicable at this time. The proposed application form for a firm permit to practice will include a question relating to a firm’s attest services, to be answered on an optional basis.

Idaho – For Governmental Audits, we coordinate with Idaho Legislative Audit unit to ensure the firms providing attest work are registered with our office. Otherwise, we rely on our complaint based system to identify violations.

Illinois BOE– This question is not relevant to the Board of Examiners.

Illinois Div. Prof. Reg. – The Division will investigate the actions of a firm based on a written complaint that provides facts, if proved, that would constitute a violation of the Illinois Public Accounting Act or Rules. Otherwise, the Division does not audit, inventory or inspect public accounting firms.

Kansas – Since we require proof of peer review for firms that provide attest services, when a firm that has been performing attest services indicates that they are no longer providing those services, we require written information from the firm as to when they ceased providing the services and inform them of the requirements should they start providing those services again.

Louisiana – Our firm renewal form asks if a firm “prepares” client financial statements, along with asking if it performs each type of attest service in separate questions. If the firm answers “yes” to preparing financial statements, but “no” to performing each type of attest engagement, we follow up. We also compare state society information with data we collect on renewals. We discuss the matter with practitioners, when the occasion arises, with whom we speak by phone.

Maryland – No. This, however, is a question relevant to the Maryland Board in order to meet the requirements of Maryland’s legislative auditor’s test of the Board’s enforcement of the peer review requirement for the renewal of a license or a firm permit. Under Maryland’s peer review law, each licensee or permit holder is required to affirm, under the penalties of perjury, compliance with the peer review requirement at the time of license or permit renewal. Is there a way to test a negative assertion in this or any other matter?

Mississippi – No, not directly; it is complaint driven. Also, the Board uses the AICPA to facilitate access to assist with monitoring peer review.

Nebraska – No. The Board’s mobility provisions begin September 1, 2010.

Nevada – The Board verifies the assertion of attest through its Peer Review requirements. The Board goes through the individual to identify the type of engagements performed. If attest services are performed, then submission of a peer review is required. Within the review of the peer review report information we identify if the type of peer review is applicable to the type of services performed.

New Hampshire – Periodically we request, pursuant to statute, that the entities who perform peer reviews in our region submit a list of those who have obtained or requested a peer review. We also use the PCAOB website.

New York – Not at this time. Quality review requirement in New York is effective January 1, 2012.

North Carolina – The Board takes the licensee’s signed verification on the original firm registration and on all subsequent annual firm renewals that the licensee is not performing any services which would require participation in the peer review program.

North Dakota - No. However, if we were to find that they are performing work they claimed not to be, we would address that issue.

Pennsylvania – Pennsylvania does not currently verify the assertion. Discovery of a fraudulent assertion through complaint investigation would likely draw the most severe penalty possible.

Puerto Rico – The Board is not actively verifying the Firm’s assertion that it is not performing attest services.

Rhode Island – No. Our application requires that the firm asserts that they do not perform the attest function.

South Dakota – No, signing the affidavit on the annual firm renewal is the verification we require.

Tennessee – Nothing at this time. We are aware that some firms are probably performing attest services without notifying us that they are doing so. We have not yet formulated a plan to “audit” those firms at this time.

Texas – The Board reviews firm web sites periodically to see if attest services are being offered by firms that are not signed up for peer review.

Washington – Washington State has a three year registration requirement for all firms licensed in this state to undergo either a peer review or submit to the Board’s Quality Assurance Review (QAR) program. Registration allows an exemption from the Board’s QAR program if the firm is subject to peer review and receives an unmodified report. Consideration may be given by the Board for a modified report. Those firms receiving an adverse report must submit to the Board’s QAR program. The agency periodically, but regularly, visits the AICPA site for State Boards to ascertain if peer review firms with offices in this state are registered with the Board. The complaint process is the final backstop.

West Virginia – Renewal invoice requires response from firm.

Wisconsin – No.

Wyoming - No. All assertions given by licensees are given under penalty of perjury. Practice privileges/certificates can be revoked for any violation of the act or rules. Performing attest services without a permit constitutes a violation of the act.

2. What are your Board's top three concerns for 2010? How can NASBA help with any (or all) of them?

Alabama – (1) The 120/150 issue. (2) Financial stability of Alabama State Government. (3) Disciplinary complaints against CPAs by other CPAs. (4) Resolving delinquent Peer Reviews and delinquent registrations.

Alaska – Mobility and Firm Ownership Bills and Executive Assistant (EA) Position Bills; internationalization of the CPA Exam and the effect it will have on our state; update of regulations and statutes to become current and up-to-date.

Arizona – (1) Modernization of our internal and external operations; (2) fiscal independence.

California – (1) Successful implementation of the CBA Peer Review program. NASBA can assist by informing CPAs of California's new peer review requirements for firms providing accounting and auditing services. (2) California is in the process of updating our Continuing Education requirements. NASBA can assist by helping get the word out regarding California's changes to the continuing education requirements, including the ethics course requirements, new regulatory review requirement and completing the minimum amount of CE yearly. (3) The CBA is currently seeking passage of new Enforcement Initiative legislation for all "non healing arts" boards.

Colorado – 150 Rule, Peer Review and updating the rules after the Board goes through sunset.

Connecticut – (1) Adequate budget. (2) Moving enforcement cases. (3) Keeping up with the technology of on-line transactions and electronic record keeping.

Guam – (1) Guam Test Center contract renewal. (2) Mobility legislation. (3) 150 hour requirement with course specificity.

Hawaii – Firm permits to practice (implementation date of July 29, 2010), peer review, and practice mobility.

Idaho – (1) We're concerned how statewide budget issues may impact us. It could be in ways we may not be aware of at this time. (2) We've seen increased incidence of complaints and investigations. The subsequent cost is a concern.

Illinois BOE – (1) State budget issues. (2) Board of Examiners status as an agency. (3) The transition in Illinois from a two tier to a one tier state. (Registration and licensure vs. just licensure.)

Indiana – (1) CPE audits – low compliance on 1st pass. (2) IFRS – updating our rules to cover IFRS. (3) Funding – how to continue to enforce with less and less resources.

Iowa – Web site development, ALD, continued assistance for members in attending NASBA meetings.

Kansas – Colleges incorporating IFRS into their curriculum to prepare for the upcoming changes to the CPA Exam.

Louisiana – (1) Managing costs and retaining staff. (2) Board website redesign. (3) Outsourcing automated data backup to an offsite vendor. NASBA could help redesign website at low or no cost. NASBA can help evaluate vendors for outsourcing data backup.

Maryland – (1) The effects of the continuing economic recession and its effects on state agency budgets are a concern. Although Maryland's overall bleak budget situation has not affected the Board's budget, specifically, it has affected Board operations. All employees of the State of Maryland, permanent and contractual, are currently required to take up to nine furlough days. For the Maryland Board of Public Accountancy these furloughs will result in loss of nearly 40 days of productivity. In FY 2011, all Maryland state employees will be required to take as many as 10 furlough days.

(2) There is a continued lack of standardization among state boards concerning the relevant information required to determine the qualifications of one state board's licensee to be eligible for reciprocal licensure in another. In Maryland, the Board has automated its license verification process to eliminate the time consuming manual completion of the "Interstate Exchange of Licensure Information" for other state boards. This Board rarely manually completes another state board's form. This information includes a licensee's relevant examination information, detailed license history, completion of ethics requirement, and comment regarding any disciplinary. The verification information is personally signed by the Executive Director and will only be directly sent to another state board, in order to prevent an opportunity for tampering or counterfeiting.

The Maryland Board has an Internet feature for its licensees to request license verification information to be sent directly to other state accountancy boards. The Board preferably desires that all requests for license verifications be made through the online request form. This process eliminates the manual processing of verification fees, as well as the manual completion of a form. This is impossible to achieve as long as other state boards insist upon their individual verification forms be completed or to have the Maryland Board's verification information attached to it; requiring the applicant's signature on request form; or require the applicant to obtain the original of the Maryland verification and mail it along with other material to another state board. The Board still receives more manual requests of license verifications than Internet requests.

Ultimately the Board wants to move toward the direct transmission of license verification information through a secure environment. This is possible spin-off for NASBA's Accountancy Licensing Database.

Minnesota – (1) Budget staffing due to state deficit. (2) Licensing of tax preparers. (3) Verification of CPE and lack of substantiation.

Mississippi – (1) Budget issues; maintaining and retaining funds. (2) 120/150 educational differences and administrative/operational difficulties and confusion caused by the variances between jurisdictions. (3) Enforcement of violators under the new mobility provisions.

Missouri – (1) Potential sweep of Board funds -- \$600,000. (2) Firm name issues—where firms wish to add an association name. (3) Impact the significant shortfall in the state budget may have on staffing. We are fee funded, and have sufficient funding to maintain current staffing levels; however, we may be required to cut staff just as any other state agency. The Governor has indicated that he will be cutting 1,000 employees in the next few weeks.

Montana – (1) Budget (NASBA could possibly assist us in researching possible legislation other states have which has removed non-tax levying departments from the appropriation process). (2) Effect of mobility implementation on licensing revenue. (3) Effect of international delivery of exam on licensing revenue.

Nebraska – (1) Travel/Budget considerations by State Boards/ Scholarship programs so Board members can continue to participate at NASBA conferences. (2) Mobility implementation/ Continue to provide support for issues that arise from Mobility issues. (3) Peer Review program review and support/ Provide recommendations for Board's considering modifying or ending their individual review programs.

Nevada – Mobility implementation; Increased disciplinary investigations; Financial fraud issues and Ponzi schemes.

New Hampshire – (1) Budget Reductions: As most Boards are being required to repeatedly cut the budget while maintaining levels of service to the licensees and public, in particular keeping enforcement a priority at all levels. An unintended consequence to all state agencies having to make Budget cuts is that as a state agency we depend on other state agencies to assist us in our mission. This includes Information Technology, Legal Services, as well as others and when those other agencies are cut the smaller agencies may not be priority. Our technology department wanted 6 months to make minor changes on our renewal site (notified them in Jan for June implementation) and we just received a confirmation it will be done in time (May) for licensees to renew. (2) Internationalization of the Exam: It is imperative there is open communication and the sharing of information with all Boards regarding this endeavor. (3) Defining what courses should be in the 150 hour requirement.

New Mexico – (1) Increase in the number of complaints against licensees. In hard economic times, licensees may cut corners and not provide the high level of service that clients expect. (2) Severe budget constraints. Operating budgets for both the remainder of FY10 and for all of FY11 have been reduced, and revenues continue to decrease. (3) Lack of desire on the part of CPAs to serve on the Board. The cost to CPAs to perform voluntary service is increasing, and it is possible that many will be so consumed with tending to their own work that they will not even consider serving on the Board.

New York – (1) Concerns of the view of some that complete independence is not important for all attest engagements. (2) Completion of quality review regulations. (3) Final outcome of discussions over firm naming conventions.

North Carolina – (1) Consistency of discipline or lack thereof of cases referred throughout the jurisdictions that have instituted mobility. (2) Consistency of rule adherence for firm registration, peer review and firm name throughout the jurisdictions that instituted mobility. (3)

Will the increase/decrease in exam costs and the passing score have any effect on the number of candidates applying for the Uniform CPA Examination.

North Dakota – We have a few issues we are addressing in rules --- such as possibly increasing the late fee, to coax people to respond a bit faster. And perhaps enacting a more automatic cancellation of the license if the licensee doesn't respond in a timely manner.

Pennsylvania – (1) Premature introduction of IFRS into the CPA Examination wasting valuable testing time. (2) Small firms failing to perform or unreasonably delaying required peer reviews. (3) Evaluation of the quality of experience gained by license candidates using industry experience to satisfy experience requirements for licensure. (4) CPA firms providing experience verifications are subject to peer review verification of the quality of the monitoring of their staff and the quality of their professional attest activities. Industry internal audit departments are not subject to a similar review and perhaps should be to have their experience quality.

Puerto Rico – (1) To pass legislation to require professional experience before issuing the license. (2) Mechanize the renewal process with NASBA.

Rhode Island – Our Board is concerned with our lack of funding for various services.

South Carolina – (1) *Brad Johnson vs. Randall Bryant, Doris Cubitt, CPA, Malane S. Pike, Esq., Mark T. Hobbs, CPA, Gary F. Forte, Bobby R. Creech, Jr., CPA, Donald H. Burkett, CPA, Anthony A. Callander, CPA, Wendell Lunsford, PA, John F. Camp, CPA.* (2) Support for Scholarships to NASBA events and other NASBA initiatives due to the tightening of States' budgets. (3) Fiscally independent regulatory Board.

South Dakota – One concern is in peer review and the new standards in which reviews are being completed. The inconsistency from one reviewer to the next and how the same issue in a peer review may have one reviewer state it as a MFC and a different reviewer may state it as a deficiency. Peer reviews were to be more transparent with the new standards and there is now less communication to the clients since the letter of comments is no longer issued and given to clients. A second concern is with the implementation of mobility and the ALD; there needs to be a way to monitor effectiveness and success. This may be with how cross border complaints are handled or some other marker. Another concern is the CBT-e exam content and the rollout that will occur in 2011 and how the changes now are being implemented.

Tennessee – (1) Reducing our number of open complaints and improving our response time for complaints. (2) Budget issues are always a concern. The Board is unable to spend our reserve fund unless it is for a one-time non-recurring expense according to the Department of Commerce and Insurance. Therefore, any surplus that we manage to accumulate is subject to seizure by the Legislature – but attempting to spend our budget down to the last dollar to avoid a surplus is almost impossible since we never know how much our 'overhead' costs from the Department will be at the end of the fiscal year. Our licensees are of the opinion that they are paying too much in fees and are being taxed twice when the Legislature seizes the funds. (3) We are working on cleaning up and revising our rules.

The only assistance that NASBA might be able to give us would be some lobbying with our Legislature to leave our reserve alone and give us the ability to spend it as the Board sees fit – not as the Department of Commerce and Insurance determines.

Texas – (1) The legal attack on the enforceability of GAAP and GAAS standards. NASBA committed resources to assist this agency in successfully fighting off the efforts to eliminate these standards. (2) The ability of the Board to seek confidential legal advice in a contested case licensing decision. (3) Providing legal support to paragraph b above at the appellate level.

Vermont – (1) Getting Vermont on the ALD. (2) Working through our first year with mobility legislation, including update of our forms, etc. (3) Recruiting a new board member.

Washington – This Executive Director is concerned about the following: (1) Recent (2009) Washington State appellate court cases addressing the Fourth Amendment rights of individuals or firms subject to investigation against “unreasonable searches and seizures” and adjustments to investigative processes to ensure the respondent’s rights are not violated. Information on this issue has been forwarded to NASBA’s Enforcement Committee for consideration. (2) Complete population of the State Board ALD (available only to state boards) to permit the monitoring of individuals exercising practice privileges in any or all of the 55 jurisdictions. Monitoring the qualifications and status of those individuals is essential to sustaining the confidence of the consumer of professional services that Boards have an effective “early warning national radar system” that is monitored for the consumer’s protection. (3) Foreign imposters and delivery of the examination in foreign locations without mechanisms or authority in those countries to monitor and discipline, if discipline is appropriate.

West Virginia – (1) Securement of new licensee tracing database system. (2) On-line renewal.

Wisconsin – (1) Rules are out-of-date and they need to be updated. As we move to electronic filing of rules, difficult to know what previous rules were. (2) Change in Bureau Director and Legal Counsel recently. They have large workloads as they support many Boards in addition to the Accounting Examining Board. (3) Make website more user-friendly. No help from NASBA needed at this time.

Wyoming – (1) Hiring and training a new executive director – NASBA can assist through the NASBA “U” training program; (2) Assessing the potential impact of mobility licensing on the Board’s current processes and revenue streams.

3. What is the most effective way for your Board to communicate its issues to NASBA?

Alabama – Via e-mail to NASBA staff involved with the issues.

Alaska – Chair of the board communicating with NASBA staff or when we have an Executive Assistant with them or both. Meetings and conferences and committees are wonderful ways to meet and communicate with our peers.

Arizona – Probably via email since it is the most expedient form of communication aside from a phone call.

California – Active participation of NASBA committees, the Regional Directors’ Focus Questions, participation in NASBA’s Annual Meeting, and NASBA Quick Polls are all ways the California Board of Accountancy communicates with NASBA.

Colorado – E-mail.

Connecticut – Through our Northeast Regional Director, Michael Weinschel.

Guam – Via direct communications between the executive director and NASBA management.

Hawaii – Via email.

Idaho – It really depends on the nature of the issue. Some are best communicated in a questionnaire. Others need one on one attention via the Executive Director and NASBA staff. Direct emails to the Board Chair are another great method, depending on the issue. We find that having board members serve on NASBA Committees keeps the close relationships that result in effective communications.

Illinois BOE – NASBA should have a website with a special access for each state. The states could enter information by topic, i.e., examination, enforcement, regulation, etc., which could then be accessed by other states as an information sharing source. Anything shared with NASBA should also be available to other states.

Illinois Div. Prof. Reg. – The Division has no concerns about the current ways of communicating with NASBA.

Indiana – Director can contact NASBA but best line of communication is participation. Local CPAs serving on committees and boards is the best flow of communication.

Iowa – Put current issues in the News Box on the web site; update the News Box more often; state boards can be encouraged to look at it regularly; if there are issues that the state board has with those News Box items they can weigh in on it.

Kansas – Written communication.

Louisiana – Mark Harris is on NASBA’s Board which facilitates communication.

Maryland – The Executive Director’s dashboard on the NASBA website.

Minnesota – E-mail.

Mississippi – E-mail.

Missouri – The focus question process works well for us.

Montana – NASBA has always been accessible and responsive to our questions via the telephone or email. Thank you! We also get a great deal of useful exchange from our participation at the Regional and Annual Meetings.

Nebraska – In person, at NASBA Conferences/ Letters to NASBA leadership.

Nevada – The Nevada Board remains in contact with NASBA through a variety of ways such as E-mail, direct contact with specific department, networking at conferences, Regional Director contact.

New Hampshire – For major issues we prefer face to face, at our Board meetings or at meetings of NASBA, major issues should be in person. For minor issues we normally communicate in writing.

New Mexico – Via e-mail in the format of these regional focus questions.

New York – Through participation on NASBA committees and conferences as well as regional communication forums.

North Carolina – The Regional Directors' Focus Questions gives the North Carolina Board automatic quarterly input on issues to NASBA and to all the other Boards. A strong Regional Director such as Mr. Burkett who works well with the NASBA Board of Directors and leadership helps to have our issues heard. If we have a need for a quicker and more direct input we will always contact the NASBA Chair and President directly.

North Dakota – Perhaps via e-mail.

Pennsylvania – E-mail.

Puerto Rico – The most effective way to communicate with NASBA is through the Regional Directors.

Rhode Island – Via e-mail.

South Carolina – Through participation in NASBA events and committees.

South Dakota – Our board appreciates the interaction with our regional director and feels we can communicate to him any issues and he will take those issues to the appropriate people in NASBA. The regional conferences have a good forum for the specific regions to address issues.

Tennessee – Since we are right down the street from NASBA offices, a personal visit is the best form of communication for us!

Texas – Texas Board members actively participate in NASBA activities and committee assignments which effectively facilitates the exchange of information between our Board and NASBA.

Vermont – Probably through our regional director.

Washington – The current process seems effective provided the Executive Directors take responsibility to keep the Board members informed of developing issues.

West Virginia – E-mail, fax, phone, and/or letter.

Wisconsin – Communication should come from Bureau Director to the Board.

Wyoming – Through the regional director’s involvement in our state’s issues; attendance at Board meetings, focus questions, and his availability to respond to issues.

4. To help us enhance NASBA’s New Board Member Orientation Program, please tell us what information proved most helpful to you as a new Accountancy Board member?

Alabama – The overview of NASBA services and the mock Board meeting.

Alaska – The new member orientation ethics and board responsibility. How broad NASBA is and what they do and all the services they provide.

Arizona – Mock board meeting; reference materials that can be used at later dates; understanding the role of NASBA and its mission.

California – Unfortunately NASBA’s New Board Member Orientation is only held at the Regional Meeting, which is often outside of California. Due to the current budget constraints, all travel outside the State of California is currently limited. As such, most new California Board of Accountancy members have not had the chance to attend the Orientation Program. Hopefully when California’s budget situation improves, California Board of Accountancy members will have the ability to attend.

Colorado – The Board members who received an orientation through NASBA were pleased.

Connecticut – The materials provided on what it means to be a Board member. Meeting the Board members and executives from other states.

Guam – Orientation re: NASBA role/organization and to current issues.

Hawaii – Attending the orientation program was very helpful and enlightening, but because it is held at the Regional Meeting in June/July, new Board members, who normally start their term in July, would have to wait almost a year before becoming eligible to attend. The Board members who attended the previous New Board Member Orientation Program found that the information regarding Board members’ responsibilities and the legal aspects of serving on a board were the most helpful.

Illinois BOE –An overview of NASBA’s strategic plan. A history of recent issues to help get a national and global perspective on regulation of the profession. An overview of NASBA’s committees and their goals as well as an example for recent successes (i.e., publications, accomplishments, etc.)

Indiana – None of us had attended a new member orientation.

Kansas – We have not had any new board members for quite some time, so cannot properly answer that question.

Minnesota – Single day orientation program was very helpful.

Mississippi – NASBA’s role, meeting staff and placing faces with jobs. Interaction with other Boards. NASBA’s payment of the travel costs greatly encouraged attendance.

Montana – I found that the explanation of exactly what NASBA does and the support they give to the state boards, the most beneficial thing I learned last year. Meeting the people at NASBA was also beneficial. It always helps to be able to put a face to the name. Talking about IFRS and the International CPA testing, along with firm names was very helpful in understanding some of the issues facing the accounting industry.

Nebraska – Contact lists including photos of NASBA Leadership and new members.

Nevada – The Board discussed some issues in connection with the New Member Orientation that were identified by some new members that have attended the program. (1) There were a lot of inside jokes and references to situations or people that didn’t make sense to the new member participant; (2) a lot of assumptions that the new member participant was aware of the issues and/or individuals being referred to; (3) role play portion would be more beneficial if entire script was provided and if discussion was held as to how the issue is addressed, why it’s an issue and what the outcome should or should not be.

New Hampshire – I have been told by the new members, especially for public members, they appreciate a detailed explanation on who is the AICPA, who is NASBA, Prometric, PCAOB, Society’s and a detailed description on what is each of their roles and how to best utilize each entity. Define the departments, committees and services that each provide and to have this in a binder. Information and guidelines on the role of a Board member and how the AICPA and NASBA can assist in that role. I also found that the legal issues presented at NASBA meetings are helpful to them.

New Mexico – No current Board members have attended the orientation.

New York – Orientation session on board member responsibilities while meeting board members from other jurisdictions.

North Carolina – The information about what NASBA is and does was the most helpful. It would be helpful to focus on current issues such as mobility, IFRS, the Uniform CPA Examination and the Uniform Accountancy Act.

North Dakota - If you don’t already do this, perhaps it would be helpful for the new directors to have some time in very small groups, by state size – to meet, make contacts, find out what is concerning similar states, gather contact information they can use in the future.

Rhode Island – To understand NASBA’s role in assisting State Boards.

South Carolina – (1) The different vignettes concerning issues the Boards may encounter much like Freedom of Information Act issues. (2) Expand the Orientation Program to 2 days and cover some of the huge issues that Boards may encounter, rather than what NASBA is doing. (3) Recent court rulings that may affect Boards of Accountancy. (4) Breakout of different law changes that Boards of Accountancy may have recently enacted.

South Dakota – Those that have attended from our board, in various years, felt the orientation program was useful and relevant topics were discussed.

Tennessee – I think that an explanation of how NASBA can assist staff in improving and streamlining day to day operations is beneficial (i.e. – CPAES). Also, an explanation of how NASBA can get the ‘hot topics’ in our profession before state legislators is tremendously important. Just in general a full discussion of the services NASBA offers.

Texas – Texas Board members actively participate in NASBA activities and committee assignments which effectively facilitates the exchange of information between our Board and NASBA.

Vermont – Our own state’s orientation is most helpful, clarify how cases are handled, etc.

Washington – Identification of Board/Agency “Best Practices” to effectively maintain critical functions in the face of revenue reductions.

West Virginia – Board member Maust said he had a better perspective of regulatory issues that exist across other jurisdictions; different viewpoints that exist. Regional meetings are the most helpful.

Wisconsin – No one has attended in recent years. General consensus of Board members is that training is outstanding.

Wyoming – Information about current issues, NASBA’s organization, etc. were identified as helpful. All members who have attended the orientation session felt it was very valuable and have no recommended changes.

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

Alaska – Mobility and firm ownership and EA bill.

Arizona – We have had several fund sweeps in recent years due to state budget deficits. FY 2008 - \$1,016,700; FY2009 - \$2,056,000; FY 2010 - \$500,000. Also in FY 2010, state employees’ salaries were reduced five percent through a 2.75% pay reduction and mandatory furlough days.

California – On January 1, 2010, California had two new laws and two sets of regulations go into effect. The first law created a mandatory peer review program in California and one of the sets of major regulations will implement this law.

The second law is SB 819 which made California's 120 semester unit pathway (Pathway 1) to licensure inoperative as of January 1, 2014, leaving only the 150 semester unit pathway as of that date. In order to ensure that the extra 30 semester units over the current Pathway 1 requirement of 120 semester units is relevant to the profession, SB 819 mandates that those units consist of 10 units of ethics education and 20 units of accounting education (10-20 requirement). SB 819 also establishes two new committees to develop regulations to govern this 10-20 requirement.

The second major regulatory change is to the California Board of Accountancy's CE requirements. Licensees will now be required to take an ethics class every two years and a regulatory review class every six years. In addition, licensees must complete 20 hours of CE every year.

Colorado – Sunset, the 150 hour requirement and over the past few months, the Colorado Board has been discussing foreign candidates and as of October 28, 2009, the Board is no longer accepting ACCA accreditation as meeting the examination or licensure requirements. The Colorado Board will expect all candidates to have their foreign credentials evaluated by a NACES approved company and it will only accept Chartered Accountants who are coming from countries who have signed an MRA with IQAB.

Connecticut – Connecticut successfully proposed regulations changing the experience requirement, which includes the elimination of the attest requirement. The Board continues to survive as an independent Board. New fees were imposed by the Legislature and Governor, continuing Connecticut's twenty year reign with the highest CPA fees. Connecticut has opened five Madoff related enforcement cases. On the horizon for Connecticut are the issues of firm names and ownership.

Hawaii – Firm registration is now a reality, with an implementation date of July 29, 2010, when all firms engaged in public accountancy in the State of Hawaii must obtain a Firm Permit to Practice. Proposed legislation mandating peer review is still alive in the current State Legislative Session. Although proposed bills relating to practice mobility have not moved forward, the Board's support for the concept of mobility remains constant.

Idaho – Idaho regulatory boards (one of which is the State Board of Accountancy) received "lump sum appropriations" for the upcoming fiscal year. This gives the boards flexibility to allocate spending authority between Personnel Costs, Operating Expenses, and Capital Outlay as they see fit. This means there won't be payroll reductions (and resulting furloughs or layoffs) as long as our revenues remain stable.

Illinois BOE – Illinois is moving from a two tier state to a one tier state on July 1, 2010. Currently, a CPA can register with the state, but cannot do attestation unless licensed, or he/she can be licensed by providing proof of one year of experience, allowing the CPA to do attestation. Legislation has been introduced to delay this change until July 1, 2012. An amendment to the Administrative Rules has been submitted to make changes to the educational requirements to qualify to sit for the CPA Examination.

Indiana – Budget constraints - how do we enforce without resources?

Iowa – Rewriting ethics and CPE rules; restricted travel even if NSABA pays for it.

Kansas – Legislative session just began—possible additional budget cuts, or sweeping of fee fund.

Louisiana – State budget difficulties are generating cost-saving measures by executive and legislative branches that are limiting state agencies' spending and hiring. Has not been applied to our Board yet, except for a proposal to suspend state employees' eligibility for pay raises for one year that will affect us. Also, our ability to raise fee maximums, that are set in statute, if needed, in such an environment may become difficult as fee increases require a super-majority vote of the legislature.

Maryland – The Maryland Legislature is considering legislation to permit qualification to sit for the Uniform CPA Examination to individuals who have attained a bachelor's degree in accountancy or its equivalent (minimum of 120 semester hours). The educational requirement for licensure will remain 150 semester hours. This legislation only modifies the path to licensure. Although the Legislature adjourns on April 12, 2010, passage of this legislation is likely. If passed, the legislation will take effect on October 1, 2010.

The Maryland Board is expected to join in the Accountancy Licensing Database [ALD] in April 2010.

Mississippi – Mobility legislative updates effective July 2, 2010.

Missouri – See top three priorities (response to question 2).

Montana – We've gone through a process of evaluation of our Practice Monitoring Program, and have suggested changes that we feel will enhance the effectiveness of the program.

Nebraska – The Board has completed a two-year project that includes several revisions to its Title 288 rules & regulations. Updates include definitions for Mobility provisions, inserting model language as recommended by the Attorney General's Office for proceedings before the Board, removing dated language in several areas, allowing for .5 hours to count for CPE, and amending provisions related to sitting for the examination.

New Hampshire – Writing of the administrative rules to reflect the adopting of Mobility and Substantial Equivalency.

New Mexico – The New Mexico Public Accountancy Board's staff are state employees. Due to budget constraints, furloughs are in effect, and salaries will be cut. The majority of the Board's cash balance was swept by the Legislature, leaving the Board only about six months' worth of operating reserves.

New York – Working on amendments to the Rules of the Board of Regents impacted by the new public accounting law.

North Carolina – The Board is preparing to go to rule-making on a large number of rules.

North Dakota – We will be considering rule changes, as indicated above.

Pennsylvania – State courts have recently sought to limit the discretion of the Board in imposing discipline in matters involving the character of the licensee, such as convictions for hate crimes and have suggested that lesser discipline is warranted due to the passage of time since the act. Clearly, this could lead the way for licensees committing fraud finding it easier to retain their credentials in legal proceedings outside the Board.

Rhode Island – Rhode Island is now in the transition phase of a triennial license.

South Carolina – Doris Cubit has returned to work after a lengthy medical leave of absence. Recent statute and regulation have been submitted and the Board wants to work on fiscal autonomy.

Tennessee – We are working hard to become more involved in NASBA activities – Board members are attending more meetings and are willing to serve on committees and task forces. Our problem is ensuring that they be able to travel since we cannot accept any scholarships due to our conflict of interest policy. To that end, committees need to make more of an effort to get agendas planned WELL IN ADVANCE since an agenda must be included with any travel request. Those requests need to be made 6 – 8 weeks in advance of the meeting per Department policy. At least one of our Board members was unable to attend a meeting because the agenda was prepared too late for the Department to approve travel.

The staff is cleaning up the information in our licensee database to ensure that information submitted to the ALD is as accurate and current as possible. Reviewing information in over 21,000 files is going to take some time, but we believe the result will be well worth the effort.

Texas – Legal challenge to the enforceability of GAAP and GAAS standards. Implementation of Accounting Scholarship Program in Texas. A challenge to the Texas Board’s authority to seek confidential legal advice from its attorney prior to making a contested case licensing decision.

Vermont – Two board members, Pam Douglas and Clair LaVoie, are leaving the board. One, Pam, has been replaced by John Partlow. We are awaiting appointment of one more new member.

Washington –

- Legislative efforts to “Re-Align” the agency and the Board under the umbrella of the Department of Licensing failed to reach a vote in the legislature this session although the Governor proposed the “Re-Alignment”;
- Two recent Appellate court decisions emphasized that the Fourth Amendment guarantee against “Unreasonable Searches and Seizures” applied to regulatory investigations by reciting that:
 - The governing statute must “inform” the regulatory process;
 - Broad policy statements are generally ineffective, i.e. Rules should limit the scope of the investigations; and

- Requests for information and records must be limited to the nature of the complaint consistent with the regulatory scheme.
- Legislation enacted this session requires a regulatory agency to inform a respondent within 5 days of a violation of the specific regulatory statute and/or rule violated and allow the respondent 2 days to correct a “paperwork violation” without fine or penalty.

West Virginia – West Virginia is in the process of developing on-line license renewal.

Wisconsin – Mutual Recognition Agreement rule adopted. Unauthorized practice of law--current hearings taking place in Wisconsin.

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

Input only from Board Chair: PA, PR, VT

Input only from Executive Director: KS, LA, MO, ND, NH, TN, TX

Input only from Board Chair and Executive Director: MD, MN, NC, NM, NY, WI

Input from all Board Members and Executive Director: AL, AZ, CA, CO, CT, GU, HI, IA, IL BOE, MS, NE, NV, SC, SD, WI, W.VA, WY

Input from some Board Members and Executive Director: ID, IN, WA

Input from all Board Members: AK, RI

Input from some Board Members: MN, MT

Other (please explain): IL Div. of Prof. Reg.; W.VA Staff

5/6/10