



**SOUTH DAKOTA  
BOARD OF ACCOUNTANCY**

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

Agenda  
South Dakota Board of Accountancy Meeting  
Conference Call  
9:00 a.m. (CT)  
December 3, 2010

A=Action	
D=Discussion	
I=Information	Page
A-Approval of Minutes of Meeting October 19, 2010.....	2-3
A-Approval of Certificates & Firm Permits.....	4-5
A-Financial Statements through October 31, 2010.....	6-14
A-Report to Board on Grades.....	15-16
A-Report to Board on CPE Request.....	17-18
A-Report to Board on NASBA Executive Director/Legal Counsel Conference.....	19
D-Report to Board on NASBA Annual Meeting.....	20
<b>AICPA</b>	
D-Standard Setting for CBT-e Timeline.....	21
D-Upcoming Improvements to the CBT-e.....	22
<b>NASBA</b>	
D-Candidate Concerns 3 <sup>rd</sup> Quarter 2010.....	23-27
I-Board of Directors Meeting Minutes July 23, 2010.....	28-39
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I-Focus Questions Responses.....	43-63
A-Regional Director's Focus Questions.....	64-66
<b>EXECUTIVE SESSION</b>	
Equivalent Reviews & Complaints for Board Approval.....	Spt. Pkt.
Personnel.....	Oratory

**FUTURE MEETING DATES** (all times CT)  
January 12, 2011 – 9:00 a.m. Conference Call  
March 25, 2011 – 9:00 a.m. Conference Call  
May 2, 2011 – 8:30 a.m. Pierre, Dept. of Legislative Audit



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

The Board of Accountancy held a meeting by conference call on Tuesday, October 19, 2010. Chair Holly Brunick called the meeting to order at 9:04 a.m.

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

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

Chair Holly Brunick asked if there were any additions to the agenda. There were no additions.

A motion was made by Marty Guindon and seconded by John Mitchell to approve the September 22, 2010 meeting minutes. A roll call vote was taken. The motion unanimously carried.

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

A motion was made by John Linn, Jr. and seconded by Marty Guindon to approve the financial statements through September 30, 2010. A roll call vote was taken. The motion unanimously carried.

A motion was made by David Olson and seconded by John Peterson to approve the CPE extension request with the courteous reminder of all of the previous requests for extensions. A roll call vote was taken. The motion unanimously carried.

The Board discussed the online licensing renewal rates for FY11. Online renewals began two years ago and there was an overall increase in usage from FY10 to FY11 of 9.59%. The online renewal period was closed as of October 15<sup>th</sup>.

The Board discussed the individuals that did not renew their license for FY11 & FY10. Executive Director Kasin will be publishing the list of expired licenses (FY11) in the winter newsletter and she plans to send the full list of names and last known addresses from FY10 & FY11 to the accountancy boards and other interested parties.

The Board discussed the AICPA's Meeting Highlights from October 1-2, 2010.

The Board briefly discussed the NASBA Blue Ribbon Panel Update.

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

The Board came out of executive session.

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

Future meeting dates were discussed and set as follows (in CT):

December 3<sup>rd</sup> – 9:00 a.m. Conference Call


January 12<sup>th</sup> – 9:00 a.m. Conference Call


March 25<sup>th</sup> – 9:00 a.m. Conference Call

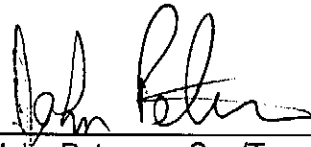
May 2<sup>nd</sup> – 8:30 a.m. Pierre- Department of Legislative Audit

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

All business having come before the board was concluded and Chair Holly Brunick adjourned the meeting at 10:00 a.m.

  
\_\_\_\_\_  
Holly Brunick, CPA, Chair

Attest:   
\_\_\_\_\_  
Nicole Kasin, Executive Director

  
\_\_\_\_\_  
John Peterson, Sec/Treasurer

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES  
BOARD COPY**

**Issued Through November 29, 2010**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Location</b>
2955	Mark Daniel Broders	10/18/10	Sioux Falls, SD
2956	Tara Jo Dieken	11/09/10	Pierre, SD
2957	Melissa Ann Hartnett	11/16/10	Vermillion, SD

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

**Issued Through  
November 29, 2010**

<b>Number</b>	<b>Name</b>	<b>Date Issued</b>	<b>Basis/Comments</b>
1500	J. Noonan Co. Sioux Falls, SD	10/27/10	New Firm
1501	Fortner, Bayens, Levkulich & Garrison, P.C. Denver, CO	10/29/10	New Firm
1502	Lamfers & Maas, LLP Sioux Falls, SD	11/03/10	Name Change
1503	Goracke Professional Group, LLP Red Oak, IA	11/03/10	New Firm
1504	Jeff W. Bucher, CPA PC Sioux Falls, SD	11/10/10	New Firm
1505	Numbers Talk, Ltd. Plymouth, MN	11/19/10	New Firm
1506	Jeff Main, CPA, Prof LLC Belle Fourche	11/29/10	New Firm

AGENCY: 10 LABOR  
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	391,627.33	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			391,627.33	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			391,627.33	DR **	
BUDGET UNIT TOTAL 1031			391,627.33	DR ***	

STATE OF SOUTH DAKOTA  
MONTHLY EXPENDITURE REPORT  
FOR PERIOD ENDING: 10/31/2010

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	CGEX100929	10/01/2010					2,729.76	DR
6503	103100061802	51010100	CGEX101014	10/15/2010					2,729.76	DR
OBJSUB: 5101010 F-T EMP SAL & WAGES										
6503	103100061802	51010200	CGEX100929	10/01/2010					5,459.52	DR *
6503	103100061802	51010200	CGEX101014	10/15/2010					729.56	DR
									733.61	DR
OBJSUB: 5101020 P-T/TEMP EMP SAL & WAGES										
6503	103100061802	51010300	CGEX100929	10/01/2010					1,463.17	DR *
									240.00	DR
OBJSUB: 5101030 BOARD & COMM MERS FEES										
6503	103100061802	51020100	CGEX100929	10/01/2010					240.00	DR *
6503	103100061802	51020100	CGEX101014	10/15/2010					7,162.69	DR **
									269.59	DR
									242.40	DR
OBJSUB: 5102010 OASI-EMPLOYER'S SHARE										
6503	103100061802	51020200	CGEX100929	10/01/2010					511.99	DR *
6503	103100061802	51020200	CGEX101014	10/15/2010					207.56	DR
									207.81	DR
OBJSUB: 5102020 RETIREMENT-ER SHARE										
6503	103100061802	51020600	CGEX100929	10/01/2010					415.37	DR *
6503	103100061802	51020600	CGEX101014	10/15/2010					766.89	DR
									766.89	DR
OBJSUB: 5102060 HEALTH/LIFE INS.-ER SHARE										
6503	103100061802	51020800	CGEX100929	10/01/2010					1,533.78	DR *
6503	103100061802	51020800	CGEX101014	10/15/2010					5.88	DR
									5.89	DR
OBJSUB: 5102080 WORKER'S COMPENSATION										
6503	103100061802	51020900	CGEX100929	10/01/2010					11.77	DR *
6503	103100061802	51020900	CGEX101014	10/15/2010					2.94	DR
									2.94	DR
OBJSUB: 5102090 UNEMPLOYMENT COMPENSATION										
6503	103100061802	52040100	259426	10/31/2010	99675051	LONGLEAFSE	12257135		5.88	DR *
									2,478.79	DR **
									9,641.48	DR ***
									227.75	DR
OBJSUB: 5204010 SUBSCRIPTIONS										
6503	103100061802	52041800	DPI09101	10/31/2010					227.75	DR *
									321.00	DR
OBJSUB: 5204180 COMPUTER SERVICES-STATE										
6503	103100061802	52042000	RMI09004	10/20/2010					321.00	DR *
									57.14	DR
OBJSUB: 5204200 CENTRAL SERVICES										
6503	103100061802	52042200	72111	10/06/2010	01938088	BESTEUSINE	12031022		57.14	DR *
6503	103100061802	52042200	76949	10/31/2010	01940441	BESTEUSINE	12031022		5.95	DR
									6.43	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	5204220 EQUIPMENT SERV & MAINT 21484		10/22/2010	99672956	ELBOCOMP	12124520		12.38	DR *
									52.50	DR
6503	103100061802	5204340 COMPUTER SOFTWARE MAINT 72111		10/06/2010	01938088	BESTBUSINE	12031022		52.50	DR *
6503	103100061802	52044600 76949		10/31/2010	01940441	BESTBUSINE	12031022		93.60	DR
									93.60	DR
6503	103100061802	5204460 EQUIPMENT RENTAL ACCOUNTRENT11		10/15/2010	595779	MCGINNISRO	12074040		187.20	DR *
									1,269.45	DR
6503	103100061802	5204490 RENTS-PRIVATE OWNED PROP. T1109161		10/31/2010					1,269.45	DR *
6503	103100061802	52045300 T11109001	OCT11	10/31/2010	99674214	MIDCONTINE	12023782		72.14	DR
									95.00	DR
6503	103100061802	5204530 TELECOMMUNICATIONS SRVCS 5159417006	SEP11	10/13/2010	01938473	XCELENERGY	12023853		167.14	DR *
									56.85	DR
6503	103100061802	5204540 ELECTRICITY C1101A-044		10/08/2010	107350				56.85	DR *
6503	103100061802	52047400 C1011A-044		10/06/2010					42.01	DR
6503	103100061802	52047400 C1011A-044		10/06/2010					42.01	CR
6503	103100061802	5204960 BANK FEES AND CHARGES 13327367		10/20/2010	99670925	NATLASSNST	12005047		42.01	DR *
									1,439.06	DR
6503	103100061802	5204960 OTHER CONTRACTUAL SERVICE CONTRACTUAL SERVICES		10/26/2010	99673284	BROWNSAENG	12028533		1,439.06	DR *
6503	103100061802	52050200 1425878-0		10/31/2010	99674259	BROWNSAENG	12028533		3,832.48	DR **
6503	103100061802	52050200 1444222-0 & 931		10/06/2010	99666378	BUSINESSPR	12003048		92.98	DR
									37.23	DR
6503	103100061802	5205320 OFFICE SUPPLIES 33566		10/06/2010	99666378	BUSINESSPR	12003048		130.21	DR *
									10.35	DR
6503	103100061802	5205350 PRINTING-COMMERCIAL 100510		10/20/2010	99672033	USPOSTALSE	12005421	A2	10.35	DR *
									1,000.00	DR
6503	103100061802	5205350 POSTAGE SUPPLIES & MATERIALS T101-026		10/08/2010					1,000.00	DR *
									1,140.56	DR **
									539.19	DR
6503	103100061802	5228000 OPER TRANS OUT -NON BUDGT NONOP EXP/NONEGTD OP TR OPERATING EXPENSES							539.19	DR *
									539.19	DR **
									5,512.23	DR ***
									15,153.71	DR ****
									15,153.71	DR *****
									15,153.71	DR *****
									15,153.71	DR *****

COMP: 6503  
CENR: 103100061802  
B. UNIT: 1031



**South Dakota Board of Accountancy**  
**Balance Sheet**  
As of October 31, 2010

	Oct 31, 10
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1130000 · Local Checking - US Bank	1,584.14
1140000 · Pool Cash State of SD	391,627.33
<b>Total Checking/Savings</b>	393,211.47
<b>Other Current Assets</b>	
1131000 · Cash-Security Lending Collatera	22,975.91
1213000 · Investment Income Receivable	1,957.59
<b>Total Other Current Assets</b>	24,933.50
<b>Total Current Assets</b>	418,144.97
<b>Fixed Assets</b>	
1670000 · Computer Software	
Original Cost	140,063.23
1770000 · Depreciation	-84,740.53
<b>Total 1670000 · Computer Software</b>	55,322.70
<b>Total Fixed Assets</b>	55,322.70
<b>TOTAL ASSETS</b>	<b>473,467.67</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110000 · Accounts Payable	791.38
<b>Total Accounts Payable</b>	791.38
<b>Other Current Liabilities</b>	
2810000 · Amounts Held for Others	36,152.09
<b>Total Other Current Liabilities</b>	36,152.09
<b>Total Current Liabilities</b>	36,943.47
<b>Long Term Liabilities</b>	
2960000 · Compensated Absences Payable	11,162.26
<b>Total Long Term Liabilities</b>	11,162.26
<b>Total Liabilities</b>	48,105.73
<b>Equity</b>	
3220000 · Unrestricted Net Assets	201,036.04
3300100 · Invested In Capital Assets	55,322.70
3900 · Retained Earnings	40,723.55
Net Income	128,279.65
<b>Total Equity</b>	425,361.94
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>473,467.67</b>

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

	Jul - Oct 10	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate				
5208001 · Refunds	-25.00			
4293550 · Initial Individual Certificate - Other	900.00	2,500.00	-1,600.00	36.0%
<b>Total 4293550 · Initial Individual Certificate</b>	<b>875.00</b>	<b>2,500.00</b>	<b>-1,625.00</b>	<b>35.0%</b>
4293551 · Certificate Renewals-Active	54,750.00	50,000.00	4,750.00	109.5%
4293552 · Certificate Renewals-Inactive	20,000.00	23,000.00	-3,000.00	87.0%
4293553 · Certificate Renewals-Retired	650.00	600.00	50.00	108.3%
4293554 · Initial Firm Permits	450.00	1,500.00	-1,050.00	30.0%
4293555 · Firm Permit Renewals				
5208004 · REFUNDS	-50.00			
4293555 · Firm Permit Renewals - Other	19,950.00	18,350.00	1,600.00	108.7%
<b>Total 4293555 · Firm Permit Renewals</b>	<b>19,900.00</b>	<b>18,350.00</b>	<b>1,550.00</b>	<b>108.4%</b>
4293557 · Initial Audit	270.00	580.00	-310.00	46.6%
4293558 · Re-Exam Audit	1,020.00	1,660.00	-640.00	61.4%
4293561 · Late Fees-Certificate Renewals	5,750.00	3,500.00	2,250.00	164.3%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	1,150.00	800.00	350.00	143.8%
<b>Total 4293563 · Late Fees-Firm Permit Renewals</b>	<b>1,100.00</b>	<b>800.00</b>	<b>300.00</b>	<b>137.5%</b>
4293564 · Late Fees-Peer Review	400.00	1,250.00	-850.00	32.0%
4293566 · Firm Permit Individual				
5208003 · REFUNDS	-235.00			
4293566 · Firm Permit Individual - Other	68,835.00	64,000.00	4,835.00	107.6%
<b>Total 4293566 · Firm Permit Individual</b>	<b>68,600.00</b>	<b>64,000.00</b>	<b>4,600.00</b>	<b>107.2%</b>
4293567 · Peer Review Admin Fee	525.00	5,650.00	-5,125.00	9.3%
4293568 · Firm Permit Name Change	75.00	100.00	-25.00	75.0%
4293569 · Initial FAR	630.00	990.00	-360.00	63.6%
4293570 · Initial REG	180.00	530.00	-350.00	34.0%
4293571 · Initial BEC	540.00	670.00	-130.00	80.6%
4293572 · Re-Exam FAR	720.00	1,540.00	-820.00	46.8%
4293573 · Re-Exam REG	690.00	1,680.00	-990.00	41.1%
4293574 · Re-Exam BEC	1,050.00	2,020.00	-970.00	52.0%
4491000 · Interest and Dividend Revenue	16,547.72	12,000.00	4,547.72	137.9%
4896021 · Legal Recovery Cost	0.00	1,000.00	-1,000.00	0.0%
<b>Total Income</b>	<b>194,722.72</b>	<b>193,920.00</b>	<b>802.72</b>	<b>100.4%</b>
<b>Gross Profit</b>	<b>194,722.72</b>	<b>193,920.00</b>	<b>802.72</b>	<b>100.4%</b>
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	17,879.93	66,239.00	-48,359.07	27.0%
5101020 · P-T/Temp Emp Sal & Wages	5,021.34	19,380.00	-14,358.66	25.9%
5101030 · Board & Comm Mbrs Fees	1,038.00	4,020.00	-2,982.00	25.8%
5102010 · OASI-Employer's Share	1,738.00	6,549.00	-4,811.00	26.5%
5102020 · Retirement-ER Share	1,374.09	5,147.00	-3,772.91	26.7%
5102060 · Health /Life Ins.-ER Share	5,023.13	17,869.00	-12,845.87	28.1%
5102080 · Worker's Compensation	38.94	133.00	-94.06	29.3%
5102090 · Unemployment Insurance	19.45	55.00	-35.55	35.4%
5203010 · Auto--State Owned	0.00	1,500.00	-1,500.00	0.0%
5203020 · Auto-Private-Ownes Low Mileage	271.20	300.00	-28.80	90.4%
5203030 · In State-Auto- Priv. High Miles	398.12	2,100.00	-1,701.88	19.0%
5203100 · In State-Lodging	93.00	1,000.00	-907.00	9.3%
5203120 · In State-Incidentals to Travel	0.00	100.00	-100.00	0.0%
5203140 · InState-Tax Meals Not Overnigt	9.00	150.00	-141.00	6.0%
5203150 · InState-Non-Tax Meals OverNight	137.00	500.00	-363.00	27.4%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	1,345.10	6,700.00	-5,354.90	20.1%
5203280 · OS-Other Public Carrier	42.00	500.00	-458.00	8.4%
5203300 · OS-Lodging	1,840.40	7,800.00	-5,959.60	23.6%
5203320 · OS-Incidentals to Travel	61.00	200.00	-139.00	30.5%
5203350 · OS-Non-Taxable Meals Overnight	259.00	1,000.00	-741.00	25.9%
5204010 · Subscriptions	227.75	1,500.00	-1,272.25	15.2%

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

	Jul - Oct 10	Budget	\$ Over Budget	% of Budget
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	500.00	-500.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	6,000.00	-6,000.00	0.0%
5204160 · Workshop Registration Fees	2,465.00	5,200.00	-2,735.00	47.4%
5204180 · Computer Services-State	228.00	600.00	-372.00	38.0%
5204181 · Computer Development Serv-State	2,640.00	4,400.00	-1,760.00	60.0%
5204200 · Central Services	1,755.15	7,500.00	-5,744.85	23.4%
5204220 · Equipment Service & Maintenance	31.86	300.00	-268.14	10.6%
5204230 · Janitorial/Maintenance Services	479.44	1,560.00	-1,080.56	30.7%
5204340 · Computer Software Maintenance	317.50	1,000.00	-682.50	31.8%
5204360 · Advertising-Newspapers	0.00	2,100.00	-2,100.00	0.0%
5204440 · Newsletter Publishing	486.89	1,100.00	-613.11	44.3%
5204460 · Equipment Rental	1,568.40	5,200.00	-3,631.60	30.2%
5204480 · Microfilm and Photography	0.00	700.00	-700.00	0.0%
5204490 · Rents Privately Owned Property	5,077.80	15,531.00	-10,453.20	32.7%
5204530 · Telecommunications Services	822.46	2,500.00	-1,677.54	32.9%
5204540 · Electricity	264.18	865.00	-600.82	30.5%
5204560 · Water	23.35	240.00	-216.65	9.7%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	2,162.59	2,000.00	162.59	108.1%
5205020 · Office Supplies	272.66	1,500.00	-1,227.34	18.2%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	353.67	1,000.00	-646.33	35.4%
5205330 · Supplemental Publications	318.75	700.00	-381.25	45.5%
5205340 · Microfilm Supplies/Materials	0.00	300.00	-300.00	0.0%
5205350 · Postage	1,507.15	3,100.00	-1,592.85	48.6%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	0.00	4,800.00	-4,800.00	0.0%
5207950 · System Development	0.00	500.00	-500.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	0.00	500.00	-500.00	0.0%
5228000 · Operating Transfers Out-NonBudg	1,628.33	6,500.00	-4,871.67	25.1%
5228030 · Depreciation Expense	4,023.44			
<b>Total Expense</b>	<b>66,443.07</b>	<b>225,748.00</b>	<b>-159,304.93</b>	<b>29.4%</b>
<b>Net Ordinary Income</b>	<b>128,279.65</b>	<b>-31,828.00</b>	<b>160,107.65</b>	<b>-403.0%</b>
<b>Net Income</b>	<b>128,279.65</b>	<b>-31,828.00</b>	<b>160,107.65</b>	<b>-403.0%</b>

**South Dakota Board of Accountancy**  
**PREVIOUS YEAR MONTHLY COMPARISON**  
**October 2010**

	<u>Oct 10</u>	<u>Oct 09</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	100.00	400.00	-300.00	-75.0%
4293551 · Certificate Renewals-Active	200.00	200.00	0.00	0.0%
4293552 · Certificate Renewals-Inactive	100.00	150.00	-50.00	-33.3%
4293554 · Initial Firm Permits	150.00	200.00	-50.00	-25.0%
4293557 · Initial Audit	0.00	60.00	-60.00	-100.0%
4293558 · Re-Exam Audit	330.00	360.00	-30.00	-8.3%
4293561 · Late Fees-Certificate Renewals	250.00	350.00	-100.00	-28.6%
4293564 · Late Fees-Peer Review	100.00	0.00	100.00	100.0%
4293566 · Firm Permit Individual	585.00	455.00	130.00	28.6%
4293567 · Peer Review Admin Fee	75.00	0.00	75.00	100.0%
4293568 · Firm Permit Name Change	0.00	25.00	-25.00	-100.0%
4293569 · Initial FAR	90.00	150.00	-60.00	-40.0%
4293570 · Initial REG	0.00	90.00	-90.00	-100.0%
4293571 · Initial BEC	120.00	150.00	-30.00	-20.0%
4293572 · Re-Exam FAR	90.00	300.00	-210.00	-70.0%
4293573 · Re-Exam REG	120.00	240.00	-120.00	-50.0%
4293574 · Re-Exam BEC	240.00	270.00	-30.00	-11.1%
<b>Total Income</b>	<u>2,550.00</u>	<u>3,400.00</u>	<u>-850.00</u>	<u>-25.0%</u>
<b>Gross Profit</b>	2,550.00	3,400.00	-850.00	-25.0%
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	5,459.52	8,189.28	-2,729.76	-33.3%
5101020 · P-T/Temp Emp Sal & Wages	1,463.17	2,242.71	-779.54	-34.8%
5101030 · Board & Comm Mbrs Fees	240.00	720.00	-480.00	-66.7%
5102010 · OASI-Employer's Share	511.99	807.03	-295.04	-36.6%
5102020 · Retirement-ER Share	415.37	625.93	-210.56	-33.6%
5102060 · Health /Life Ins.-ER Share	1,533.78	2,164.86	-631.08	-29.2%
5102080 · Worker's Compensation	11.77	7.32	4.45	60.8%
5102090 · Unemployment Insurance	5.88	6.80	-0.92	-13.5%
5203260 · OS-Air Commercial Carrier	0.00	397.89	-397.89	-100.0%
5204010 · Subscriptions	227.75	166.69	61.06	36.6%
5204180 · Computer Services-State	57.00	45.00	12.00	26.7%
5204181 · Computer Development Serv-State	264.00	120.00	144.00	120.0%
5204200 · Central Services	201.96	236.77	-34.81	-14.7%
5204220 · Equipment Service & Maintenance	6.43	5.26	1.17	22.2%
5204230 · Janitorial/Maintenance Services	119.86	117.00	2.86	2.4%
5204340 · Computer Software Maintenance	52.50	0.00	52.50	100.0%
5204460 · Equipment Rental	93.60	754.62	-661.02	-87.6%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	181.75	251.81	-70.06	-27.8%
5204540 · Electricity	59.14	53.88	5.26	9.8%
5204560 · Water	0.00	23.35	-23.35	-100.0%
5204740 · Bank Fees and Charges	142.01	62.29	79.72	128.0%
5205020 · Office Supplies	171.57	253.68	-82.11	-32.4%
5205320 · Printing/Duplicating/Binding Co	20.70	64.05	-43.35	-67.7%
5205330 · Supplemental Publications	318.75	318.75	0.00	0.0%
5205350 · Postage	1,000.00	0.00	1,000.00	100.0%
5228000 · Operating Transfers Out-NonBudg	539.19	609.30	-70.11	-11.5%
5228030 · Depreciation Expense	1,005.86	1,005.86	0.00	0.0%
<b>Total Expense</b>	<u>15,373.00</u>	<u>20,519.58</u>	<u>-5,146.58</u>	<u>-25.1%</u>
<b>Net Ordinary Income</b>	<u>-12,823.00</u>	<u>-17,119.58</u>	<u>4,296.58</u>	<u>25.1%</u>
<b>Net Income</b>	<u><u>-12,823.00</u></u>	<u><u>-17,119.58</u></u>	<u><u>4,296.58</u></u>	<u><u>25.1%</u></u>

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

	<u>Jul - Oct 10</u>	<u>Jul - Oct 09</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4293550 · Initial Individual Certificate	875.00	1,975.00	-1,100.00	-55.7%
4293551 · Certificate Renewals-Active	54,750.00	54,250.00	500.00	0.9%
4293552 · Certificate Renewals-Inactive	20,000.00	19,500.00	500.00	2.6%
4293553 · Certificate Renewals-Retired	650.00	660.00	-10.00	-1.5%
4293554 · Initial Firm Permits	450.00	450.00	0.00	0.0%
4293555 · Firm Permit Renewals	19,900.00	19,550.00	350.00	1.8%
4293557 · Initial Audit	270.00	120.00	150.00	125.0%
4293558 · Re-Exam Audit	1,020.00	900.00	120.00	13.3%
4293560 · Late Fees-Initial Certificate	0.00	100.00	-100.00	-100.0%
4293561 · Late Fees-Certificate Renewals	5,750.00	5,800.00	-50.00	-0.9%
4293563 · Late Fees-Firm Permit Renewals	1,100.00	800.00	300.00	37.5%
4293564 · Late Fees-Peer Review	400.00	150.00	250.00	166.7%
4293566 · Firm Permit Individual	68,600.00	63,545.00	5,055.00	8.0%
4293567 · Peer Review Admin Fee	525.00	225.00	300.00	133.3%
4293568 · Firm Permit Name Change	75.00	105.00	-30.00	-28.6%
4293569 · Initial FAR	630.00	300.00	330.00	110.0%
4293570 · Initial REG	180.00	240.00	-60.00	-25.0%
4293571 · Inital BEC	540.00	270.00	270.00	100.0%
4293572 · Re-Exam FAR	720.00	660.00	60.00	9.1%
4293573 · Re-Exam REG	690.00	900.00	-210.00	-23.3%
4293574 · Re-Exam BEC	1,050.00	780.00	270.00	34.6%
4491000 · Interest and Dividend Revenue	16,547.72	16,687.62	-139.90	-0.8%
4896021 · Legal Recovery Cost	0.00	1,047.36	-1,047.36	-100.0%
<b>Total Income</b>	<u>194,722.72</u>	<u>189,014.98</u>	<u>5,707.74</u>	<u>3.0%</u>
<b>Gross Profit</b>	194,722.72	189,014.98	5,707.74	3.0%
<b>Expense</b>				
5101010 · F-T Emp Sal & Wages	17,879.93	20,609.69	-2,729.76	-13.3%
5101020 · P-T/Temp Emp Sal & Wages	5,021.34	6,013.36	-992.02	-16.5%
5101030 · Board & Comm Mbrs Fees	1,038.00	1,440.00	-402.00	-27.9%
5102010 · OASI-Employer's Share	1,738.00	2,031.49	-293.49	-14.5%
5102020 · Retirement-ER Share	1,374.09	1,597.40	-223.31	-14.0%
5102060 · Health /Life Ins.-ER Share	5,023.13	5,448.23	-425.10	-7.8%
5102080 · Worker's Compensation	38.94	25.14	13.80	54.9%
5102090 · Unemployment Insurance	19.45	17.34	2.11	12.2%
5203010 · Auto--State Owned	0.00	158.90	-158.90	-100.0%
5203020 · Auto-Private-Ownes Low Mileage	271.20	271.20	0.00	0.0%
5203030 · In State-Auto- Priv. High Miles	398.12	446.96	-48.84	-10.9%
5203100 · In State-Lodging	93.00	139.50	-46.50	-33.3%
5203140 · InState-Tax Meals Not Overnight	9.00	9.00	0.00	0.0%
5203150 · InState-Non-Tax Meals OverNight	137.00	166.00	-29.00	-17.5%
5203260 · OS-Air Commercial Carrier	1,345.10	1,729.58	-384.48	-22.2%
5203280 · OS-Other Public Carrier	42.00	96.00	-54.00	-56.3%
5203300 · OS-Lodging	1,840.40	1,852.76	-12.36	-0.7%
5203320 · OS-Incidentals to Travel	61.00	65.00	-4.00	-6.2%
5203350 · OS-Non-Taxable Meals Overnight	259.00	212.00	47.00	22.2%
5204010 · Subscriptions	227.75	166.69	61.06	36.6%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204030 · Legal Document Fees	0.00	15.00	-15.00	-100.0%
5204160 · Workshop Registration Fees	2,465.00	2,325.00	140.00	6.0%
5204180 · Computer Services-State	228.00	135.00	93.00	68.9%
5204181 · Computer Development Serv-State	2,640.00	1,248.00	1,392.00	111.5%
5204200 · Central Services	1,755.15	1,947.41	-192.26	-9.9%
5204220 · Equipment Service & Maintenance	31.86	31.32	0.54	1.7%
5204230 · Janitorial/Maintenance Services	479.44	468.00	11.44	2.4%
5204340 · Computer Software Maintenance	317.50	45.00	272.50	605.6%
5204440 · Newsletter Publishing	486.89	537.20	-50.31	-9.4%
5204460 · Equipment Rental	1,568.40	2,014.02	-445.62	-22.1%
5204480 · Microfilm and Photography	0.00	243.77	-243.77	-100.0%
5204490 · Rents Privately Owned Property	5,077.80	3,757.95	1,319.85	35.1%
5204530 · Telecommunications Services	822.46	769.63	52.83	6.9%
5204540 · Electricity	264.18	198.70	65.48	33.0%
5204560 · Water	23.35	46.70	-23.35	-50.0%
5204740 · Bank Fees and Charges	2,162.59	1,559.55	603.04	38.7%

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

	<u>Jul - Oct 10</u>	<u>Jul - Oct 09</u>	<u>\$ Change</u>	<u>% Change</u>
5205020 · Office Supplies	272.66	640.35	-367.69	-57.4%
5205320 · Printing/Duplicating/Binding Co	353.67	476.76	-123.09	-25.8%
5205330 · Supplemental Publications	318.75	318.75	0.00	0.0%
5205350 · Postage	1,507.15	1,516.01	-8.86	-0.6%
5228000 · Operating Transfers Out-NonBudg	1,628.33	1,881.97	-253.64	-13.5%
5228030 · Depreciation Expense	4,023.44	4,023.44	0.00	0.0%
<b>Total Expense</b>	<u>66,443.07</u>	<u>69,895.77</u>	<u>-3,452.70</u>	<u>-4.9%</u>
<b>Net Ordinary Income</b>	<u>128,279.65</u>	<u>119,119.21</u>	<u>9,160.44</u>	<u>7.7%</u>
<b>Net Income</b>	<u><u>128,279.65</u></u>	<u><u>119,119.21</u></u>	<u><u>9,160.44</u></u>	<u><u>7.7%</u></u>

**REPORT TO BOARD ON GRADES**

Nicole Kasin 11-24-10

The grades were posted for review for the 26<sup>th</sup> window. These grades are through September 2010. I have included the average scores per school since CBT started along with the number of students that have sat for their school respectively. The last chart shows the averages for the past 8 windows.

Overall Average Window 1-26

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

Average of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	
Augie	73	71	73	72	72
BHSU	69	69	70	71	70
COTech	59	72	75	77	71
DSU	72	70	62	70	68
DWU	52	69	62	77	65
Mt. Marty	65	66		66	67
NAU		46	53	62	52
NSU	71	68	71	68	69
OS	74	72	72	74	73
SDSU	79	74	79	79	77
USD	78	75	74	76	76
USF	73	75	75	77	75
Grand Total	73	72	72	73	72

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

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

Count of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	
Augie	43	51	30	46	170
BHSU	52	53	40	40	185
COTech	3	7	4	4	18
DSU	12	13	13	9	47
DWU	3	5	3	2	13
Mt. Marty	11	15		9	35
NAU		5	5	4	14
NSU	43	64	31	40	178
OS	120	132	118	111	481
SDSU	8	13	9	8	38
USD	111	129	113	109	462
USF	24	35	23	25	107
Grand Total	430	522	389	407	1748

Without listing schools with less than 3 parts – Grand total 1752 parts sat.

Average for past 8 windows (3 or more parts)

Window	(Multiple Items)
--------	------------------

Average of Score	Section				Grand Total
School	AUD	BEC	FAR	REG	Grand Total
Augie	76	73	82	77	76
BHSU	71	69	71	72	70
COTech		68			73
NAU		43	53	69	52
NSU	71	73	82	74	74
OS	72	73	73	76	73
SDSU		71	77		74
USD	77	77	74	76	76
USF	73	77	78	81	77
Grand Total	74	73	73	76	74

The Board needs to Approve the 2010-3 (26<sup>th</sup> Window) grades.



## REPORT TO BOARD ON CPE REQUEST

Nicole Kasin 11-29-10

The following request was sent requesting approval for CPE hours. The hours are for work performed in a published book. The rules are included for reference.

**ARSD 20:75:04:01.** (7) The board may grant credit for the writing of published articles, books, or CPE programs to include credit for research and writing time provided the board determines the activity maintains or improves professional competence. The article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication. Not more than half the three-year continuing professional education credit required may be gained through publications;

**ARSD 20:75:04:05.** (4) **Published articles, books, or continuing professional education programs.** A CPA or PA may be given credit for research and writing time upon determination by the board that the CPA's and PA's competency has been maintained or increased as a result of the activity.

Board of Directors:

This letter to request the board's approval of published books as continuing professional education requirement per the standards.

I am currently on contract to code all new accounting textbooks into an online format for John Wiley and Sons Publishing Company out of New York, NY. I code the textbooks so that they can be used by college professors for student homework, review, quizzes and tests. The process includes taking a textbook that in is the final stages of authoring and coding the questions so that they can be taken online by the student. As part of this process I have been asked to note any irregularities that I may come across or errors that I may see before final publishing of the book. The steps in this process include: dissecting the problem by reviewing the textbook and author's learning objectives to ensure that the necessary information to test the student on is included in the problem; coding the problem in html code so that the problem is challenging enough to the student yet still provides a logically process in solving it; algorithmically coding the problem, so that 2 students sitting side by side on the computers would have the same learning objective in the problem, but not the same numbers. This can become quite complex in problems that have multiple layers of computations or many hidden computations. It is important to make sure that the problem stays within the learning parameters outlined by the author. I have to have a clear understanding of the concepts and problem computations to do this process. After I have completed this process all work is reviewed by 3 different college professors to ensure that the problems have been properly formatted and contain necessary information. Currently there is only one other person and I who contract for John Wiley and Sons for the accounting textbooks.

The textbooks that I code are ones that are currently being published so they are always the most recent updated information in accounting. My current project is an Intermediate accounting textbook that emphasizes International Financial Reporting Standards (IFRS).

I spend approximately 10-20 hours per week working on this project for a total of over 500 hours a year. In the course of a year I can completely code approximately 1 ½ books. The process is extremely in-depth and of the highest quality level. This is a competitive market in the publishing business and one that John Wiley and Sons wants to stay ahead of its competitors in.

I am requesting that I be able to take 20 hours per year toward my continuing professional education credits. I have used information learned from working on these books in my current profession many times over.

Thank you for your consideration in this matter.

The Board needs to approve or deny the request.

**REPORT TO BOARD ON NASBA ED/LEGAL COUNSEL CONFERENCE**

Nicole Kasin 11-29-10

The NASBA Executive Directors Conference will be held in San Diego, CA, March 6-9, 2011. The NASBA Legal Counsel Conference will be held in San Diego, CA, March 6-8, 2010.

This is a request for the Board to approve travel for the Executive Director and Legal Counsel to attend the conference.

## **REPORT TO BOARD ON RECAP OF NASBA ANNUAL CONFERENCE**

Nicole Kasin 11-29-10

The NASBA Annual Conference covered the following topics:

- Communications Officers' Breakfast – update on social media
- The current and future state of accounting standards – global convergence, private company and non-profit accounting issues, FAF and standard setting boards, FASB & GASB's goals
- Future plans of the AICPA – website for college students ([thiswaytocpa.com](http://thiswaytocpa.com))
- IRS PTIN registration update – fees, testing, cpe, circular 230 revisions
- Education Issues – Pathways commission, American Accounting Assoc., Non-Traditional students
- Global Professions – Reaching out to North American neighbors, Reaching out to Asia
- CPA Exam update – update from BOE, update on CBT-e
- Highlights from the NASBA International Forum – global protection, cross-border communications and enforcement
- Regional Breakfast Meeting
- Annual Business Meeting – updates and reports from the committees
- Blue Ribbon Panel – Future standards for private companies and various models open for discussion
- SEC – future standards for public companies and global accounting standards
- Fraudulent Financial Reporting – COSO report on analysis of U.S. public companies 1998-2007
- ALD Update – 30 boards participating and the plan to go public
- Key revisions to the Yellow Book
- President/Chair Breakfast
- Executive Directors Breakfast
- PCAOB – oversight progress and initiatives
- UAA Committee Update – proposed revisions to the UAA
- State Board Relevance Committee – Semi-Independence white paper
- Ethics & Strategic Issues Committee – Audit fees white paper, proposed definition of independence white paper
- Enforcement Committee – draft of enforcement manual



American Institute of CPAs  
Parkway Corporate Center  
1230 Parkway Avenue  
Ewing, NJ 08628

Friday, October 22, 2010

Dear State Board Chairs and Executive Directors:

Thank you for participating in the October 13 and 18 calls to discuss Standard Setting - the process for establishing the passing score - on the Uniform CPA Examination. The process is essential in ensuring that the Examination qualifies CPA candidates for entry level practice and protects the public interest. Please feel free use the timeline below as a quick reference to the standard setting process.

### **2008-2010**

The Psychometric Oversight Committee (POC) developed a process - reviewed by the Board of Examiners (BOE) - for setting the passing scores for the new exam.

### **2010**

**August: Panel Review Meeting** - Panelists from the CPA profession review a series of candidate test profiles and assign a rating relative to entry level CPA practice. The meetings were observed by members of the AICPA Board of Examiners (BOE) and NASBA CPA Examination Review Board (ERB).

**October: POC Validates Panel Results** – The Psychometric Oversight Committee reviews the panel results for psychometric integrity and submits a recommendation regarding confidence in the data to the BOE.

**November: BOE Initial Review** – The BOE reviews the panelist recommendations and establishes preliminary passing scores that will be reviewed after the 11Q1 testing window.

### **2011**

**January: CBT-e Changes Implemented on the Exam** – The CPA Examination is administered with the CBT-e updates.

**March: BOE Establishes New Passing Scores** – Following the close of the first testing window, the BOE establishes the final passing scores. The reported passing score for all sections will remain 75.

For more information on standard setting and other CBT-e related information, please visit the CPA Examination website at [www.aicpa.org/cpa-exam](http://www.aicpa.org/cpa-exam).

Sincerely,

Douglas Warren  
Chair, AICPA Board of Examiners



American Institute of CPAs  
Parkway Corporate Center  
1230 Parkway Avenue  
Ewing, NJ 08628

Wednesday, October 21, 2010

Dear State Board Chairs and Executive Directors:

It is my pleasure to announce that the upcoming improvements to the Uniform CPA Examination, known as CBT-e, will usher in new opportunities to improve the CPA candidate experience. CPA candidates will be pleased to learn that the January 2011 implementation of CBT-e will lay the groundwork for faster score reporting and include a simplified Candidate Performance Report. A synopsis of these improvements is provided below.

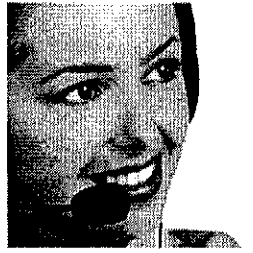
CBT-e will enable CPA candidates to receive their scores faster and more frequently. However, there are some timeline adjustments of which boards of accountancy and CPA candidates must be aware. As you may know, currently, scores are released in two waves per scoring window. During the initial launch of CBT-e we will require a period of heightened quality control. Therefore, during the first three quarters of 2011, all candidate scores will be released following the close of the testing window. Once this quality control cycle is complete, CPA candidates can look forward to an accelerated scoring timeline. Details will be announced on the CPA Examination website ([www.aicpa.org/cpa-exam](http://www.aicpa.org/cpa-exam)) in the Psychometrics and Scoring section.

Starting on January 1, 2011, the Candidate Performance Report will be updated to reflect the new content changes in CBT-e and will also feature an improved layout. The new layout is more intuitive, and will simply highlight a candidate's strengths or weaknesses in a particular content area. The streamlined layout addresses a usability issue that occasionally confused candidates when interpreting the score analysis. With the launch of CBT-e a comprehensive FAQ and updated sample report will be posted in the Psychometrics and Scoring section of the CPA Examination website ([www.aicpa.org/cpa-exam](http://www.aicpa.org/cpa-exam)).

The BOE remains committed to ensuring that the CPA Examination continues to be refined to meet the needs of state boards of accountancy and CPA Candidates. I trust that this information will be useful in understanding the upcoming improvements to score reporting and the revised Candidate Performance Report. As the January 2011 implementation for CBT-e approaches, we will continue to keep boards of accountancy informed through periodic updates. Additional information will also be posted on the CPA Examination website ([www.aicpa.org/cpa-exam](http://www.aicpa.org/cpa-exam)).

Sincerely,

Douglas Warren  
Chair, AICPA Board of Examiners



# NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY



## CANDIDATE CONCERNS 1003

CANDIDATE CARE DEPARTMENT

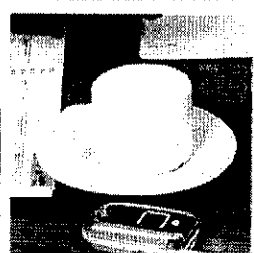
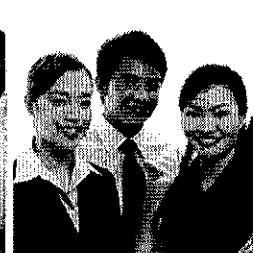
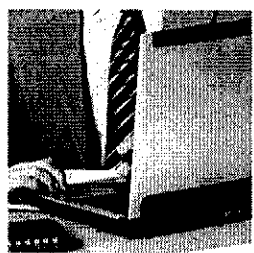
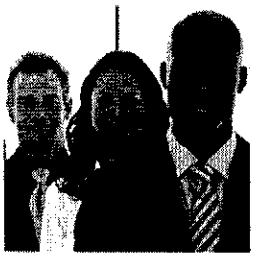
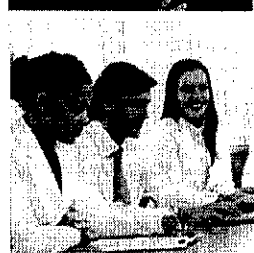
**JULY 01 - AUGUST 31, 2010**



PENNY VERNON, MANAGER  
ELETTA NILES, SECURITY SPECIALIST  
BRUCE COSTAIN, CANDIDATE ADVOCATE



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

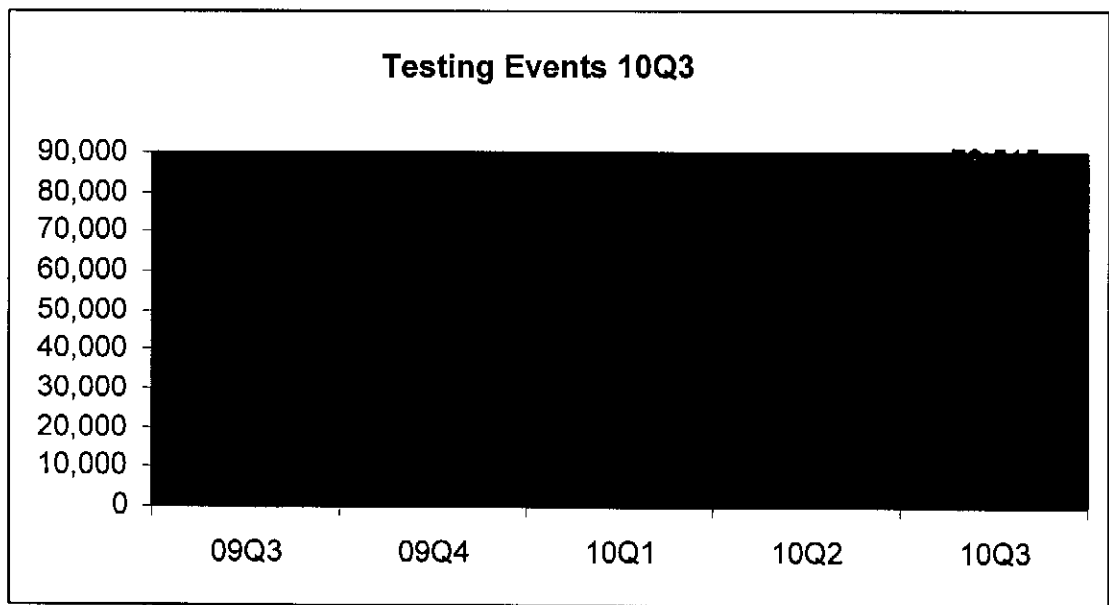


NASBA'S CANDIDATE CARE DEPARTMENT  
CANDIDATE CONCERNS

10Q3

JULY 01-AUGUST 31, 2010

The following report outlines concerns sent by CPA candidates to NASBA's Candidate Care Department during the third window of the 2010 administration of the CPA examination.



Once again this examination window ran relatively smoothly with fewer issues reported to NASBA's Candidate Care Department.

**CBT-e:**

In preparation for the launching of the new CBT-e examination an email blast was sent to all candidates with an open NTS. The information included in the blast stated:

Effective with the January/February 2011 testing window, the series of changes to the Uniform CPA Examination known as CBT-e will be implemented and will affect all sections of the Examination.



Changes will include:

- New Content and Skill Specification Outlines (CSOs/SSO)
- Updated authoritative literature release featuring a new research task format
- Short task-based simulations (TBS)
- New section structure, time allocations and scoring weights

Candidates planning to take a section of the Uniform CPA Examination **on or after January 1, 2011**, must be familiar with all of the changes and should visit the CPA Exam Web site at [www.cpa-exam.org](http://www.cpa-exam.org) for up-to-date information about the Examination.

The Uniform CPA Examination Tutorial and Sample Tests reflecting the changes to the functionality and format of the examination are now posted on the Exams website at [www.aicpa.org/cpa-exam](http://www.aicpa.org/cpa-exam). Select *Tutorial and Sample Tests* under the heading *Quick Links*. Please note, you will find two versions of the Tutorial and Sample Tests on the website – one for candidates testing **before January 1, 2011** and one for those testing **on or after January 1, 2011**. Select the appropriate version for the date(s) you have scheduled your examination section(s).

To prepare for each section of the Uniform CPA Examination candidates are responsible for reviewing the Uniform CPA Examination Tutorial and Sample Tests. Thorough familiarity with the examination's functionality, format, and directions is required before candidates report to test centers. Failure to follow the directions provided in the Tutorial and Sample Tests, including the directions on how to respond, may adversely affect candidate scores.

This information that was sent to candidates apparently answered many questions candidates had concerning the CBT-e as the number of queries about the changes received by the Candidate Care Department diminished following the email blast. Further email blasts are planned as the date of the launch approaches.

### **CBT-e Training:**

In September, in preparation for the launch of the CBT-e, representatives from the AICPA travelled to Nashville to provide training to NASBA and Prometric staff on the changes related to the CBTe. The training included a discussion on the impact the Exam changes will have on the roles of personnel and candidates, as well as updated communications and score notices. The training also provided details on the launching of each examination section.

## International Examination:

In this testing window candidates were becoming aware of the advent of providing international testing in certain countries outside of the USA. They began contacting NASBA's Candidate Care Department with questions. While not all of the information is available to the public, each candidate was responded to individually and once the pertinent information has been released these candidates will be updated.

## Force Majeure:

During the last two days of the window, Puerto Rico was threatened by a hurricane and all of the testing centers were closed due to flooding. Prometric worked diligently to reschedule all of the candidates into the extended window.

## Summary of Candidate Concerns:

<b>Mantis Categories &amp; Totals</b>			
	<b>Window</b>	<b>10Q2</b>	<b>10Q3</b>
<b>Category</b>			
AICPA & Test Content		15	10
Calculator		5	4
Candidate Error		36	47
Confirmation of Attendance		40	55
Environment		27	3
Latency/Time Loss		1	1
Other		1	2
Prometric Scheduling Issues		14	5
Prometric Site Issues		24	40
Security/ID Issues		15	2
Software - Auth. Lit.		0	0
Software - error messages		1	2
Software - other		5	1
Technical - shutdown		21	34
Technical - other		20	25
<b>Total – Mantis</b>		<b>265</b>	<b>231</b>
Coordinator followup		73	84
CPAES & NCD		142	154
<b>TOTAL</b>		<b>480</b>	<b>469</b>
Total Testing Events		<b>57,837</b>	<b>79,515</b>

\*Note: The Coordinator Follow-up and CPAES & NCD categories primarily consist of inquiries made by candidates with questions and/or concerns about the entire process of taking the CPA Examination. Each is responded to either directly by the Candidate Care Department or transferred to the appropriate examination coordinator for follow-up.

**Conclusion:**

It is a challenging and exciting time for the administration of the CPA Examination. A large volume of candidates is expected for the 10Q4 testing window as they attempt to take the examination prior to the changes of the CBT-e which begin in January. In order to allow Prometric and the AICPA time to implement these changes, the January window will not begin until January 4<sup>th</sup>, 2011.

The introduction of international testing will be carefully monitored by NASBA's Candidate Care Department and every effort will be made to respond to candidates with questions. They will also be referred to the appropriate websites for additional information and updates as they become available.

As always, we are dedicated to acting as the voice for your candidates and look forward to resolving any issues as they may arise during this time of evolution.

If you have any questions please contact Penny Vernon, Manager, Candidate Care at 615-880-4209 or at [pvernon@nasba.org](mailto:pvernon@nasba.org).

# **National Association of State Boards of Accountancy, Inc.**

## **Meeting of the Board of Directors July 23, 2010 – Grand Teton National Park, WY**

### 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 8:41 a.m. on Friday, July 23, 2010 at the Jackson Lake Lodge in Grand Teton National Park, Wyoming.

### 2. Report of Attendance

President David Costello reported the following were present:

#### Officers

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

#### Directors-at-Large

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

#### Regional Directors

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

#### Executive Directors' Liaison

Daniel Sweetwood (NE)

#### Guests

Wesley P. Johnson, CPA, Examination Review Board  
Charles L. Talbert, III, CPA, Examination Review Board

William Treacy, Chair NASBA/AICPA International Qualifications Appraisal Board  
Jean Etteridge, Head of International Affairs, Institute of Chartered Accountants in England and Wales  
Mark Protherough, Executive Director for Learning and Professional Development, Institute of Chartered Accountants in England and Wales

#### Staff

David A. Costello, CPA, President and Chief Executive Officer (Part of afternoon session)  
Joseph T. Cote, CPA, Executive Vice President  
Ken L. Bishop, Senior Vice President and Chief Operating Officer  
Michael R. Bryant, CPA, Chief Financial Officer  
Denise Hanley, President Professional Credential Services  
Louise Dratler Haberman, Director - Information and Research  
Anita Holt, Assistant to the President  
Thomas G. Kenny, Director – Communications  
Linda Biek, CPA, Director – Governmental, International and Professional Relations  
Noel L. Allen, Esq., Legal Counsel

### 3. Approval of Minutes

NASBA Secretary Hansen presented the minutes of the April 2010 meeting. On a motion by Mr. Weinshel, seconded by Ms. Herting, the minutes of the April NASBA Board of Directors' meeting were approved as corrected.

### 4. Report of the Chair

Chair Atkinson praised the 2010 June Regional Meetings, observing Charleston and Seattle were good locations and the participants' evaluations showed the topics selected were resonating with the State Boards.

He reported a summit meeting with the leadership of the AICPA is scheduled for August 13 in New York City and with the Canadian Institute of Chartered Accountants leadership for August 31 in Toronto. He anticipated a similar summit meeting would be held every other year with the CICA and a meeting with the Instituto Mexicano de Contadores Publicos would be scheduled as well.

The third meeting of AICPA/FAF/NASBA Blue Ribbon Panel on Standard Setting for Private Companies (BRP) was held in April. Chair Atkinson, who serves as NASBA's representative on the BRP, reviewed a few of the points he had made during that meeting on behalf of the State Boards. He said the Boards believe there is a need for a change, but the change should be at the level of the Financial Accounting Foundation (FAF) with adjustments and enhancements being made to existing GAAP. He suggested a couple of members be added back to the Financial Accounting Standards Board (FASB) and that the FAF step up its oversight of the FASB. Chair Atkinson noted the AICPA is recommending a "little FASB" and separate standards, with the FAF overseeing all. The funding for such a new structure has not yet been determined. Chair Atkinson has been conferring with President Costello, the Regulatory Response Committee and the Ethics and Strategic Professional Issues Committee on the topics

being presented to the BRP. Mr. Atkinson believes the American Accounting Association agrees with the position he has outlined. The BRP could end up with a less than unanimous recommendation to the FAF, he stated.

Ms. Smith and Messrs. Isserman and Hansen noted that at the Regional Meetings there had been opposition voiced to including questions about IFRS on the Uniform CPA Examination beginning in January 2011. President Costello said that issue would be raised at the summit meeting with the AICPA. However, he pointed out that NASBA did have representation on the Board of Examiners. Mr. Isserman said he did not believe the BOE is bound to follow the practice analysis which called for IFRS. Mr. Allen added that 40 states now have rules referring to international standards. Ms. Tish asked that NASBA post on its Web site letters from states opposed to including IFRS questions on the examination in January 2011.

Chair Atkinson listed the meetings he had attended on NASBA's behalf. Besides participating in NASBA committees' meetings, he addressed universities, State Boards, professional societies and firms.

##### 5. Report from the President and Vice President

President Costello told the Board that the theme for this year's Annual Report and Annual Meeting is "Momentum." He stressed the importance of NASBA becoming known in the international accounting community, so that other countries don't continue to believe that the AICPA is the only player in U.S. accounting regulation. Such recognition is why he travelled to China in May and why NASBA's Forum for International Accounting Regulators is being held in Madrid, September 30 - October 1, 2010. He attributed NASBA's getting a seat on the BRP to its becoming more well known.

Mr. Costello called on Executive Vice President Cote to report on the examination. In November, NASBA will begin to have control of the Board of Examiners, Mr. Cote stated. The CBTe is set for implementation in January 2011, and there is some concern about candidates backing up as they try to take the examination before the new version is launched. For the first time since the computer-based examination was started, candidates will see a reduction in Prometric's fee. On the international administration of the examination, a two-way agreement is being completed between NASBA and the AICPA and a separate three-party agreement is being worked out among NASBA, AICPA and Prometric. Senior Vice President Ken Bishop had met with Japanese educators during the previous week and they believe that their candidates will want to become licensed US CPAs. The launch of the international administration is now anticipated for the second quarter of 2011.

President Costello described how NASBA staff members were able to continue to service candidates despite the Nashville flood keeping them out of the office for a week. He said the backup plan had succeeded as people worked around the clock to keep the technology working. During the flood, the moving of the data center to SunGuard was completed, while backup continues to be maintained in Atlanta. Ms. Hanley added that SunGuard has generators which can power it for a month.

Copies of NASBA's three-year plan were distributed, outlining six strategic points.

The NASBA Center for the Public Trust (CPT) has presented its Being a Difference Award to Spartanburg Water, a publicly-owned utility company in Spartanburg, SC, and to William Bryan, CEO of Mt. Olive Pickle Company, in Mount Olive, NC. The CPT is also

establishing student centers. President Costello noted the positive value for NASBA every time it is mentioned at a CPT event.

The Accountancy Licensee Database now includes 29 states, with the recent addition of Maryland. It has information on 441,000 licensees, including those in California, New York and Texas, Mr. Cote stated. He also noted that NASBA is launching "Calibrate," the successor to CPE Tracking. The CPE Sponsor Registry continues to be a very successful part of NASBA and a new CPE standards task force has been set up, Mr. Cote stated. The NASBA Meetings Division is actively providing services for seven states.

NASBA's employee motivation programs were described by President Costello including quarterly "Sunshine Days," wellness program, summer outing and cost savings contest.

#### 6. Report from the Administration and Finance Committee

NASBA Treasurer Sanchez reviewed the current year's projected financial results for the Board noting an expectation of achieving budget for operating income and significantly exceeding budgeted investment income. Chief Financial Officer Bryant stated that consolidated operating income was projected at \$1.3 million. Growth was seen primarily in the examination and compliance services areas. Projected investment income was 41 percent higher than budget at \$750,000, yielding a consolidated projected income of just in excess of \$2 million. Treasurer Sanchez noted that these were very positive numbers from both profit and cash flow perspectives.

Chief Financial Officer Bryant presented the operating budget for 2011. Mr. Isserman moved to accept the operating budget for 2011 and Ms. Smith seconded. The budget was unanimously approved.

The budget for Professional Credential Services, NASBA's wholly owned subsidiary, was not included in the information provided to the Board because the PCS Board had not yet met to approve it due to the death of President Milton Brown's sister. They will meet prior to the end of the year to approve it, Vice President Bishop stated.

CFO Bryant gave a PowerPoint presentation detailing the components of the capital expenditure budget request of \$1.1 million. He said that about half the budget is for technology hardware and office improvements, and the other half is capitalized software development costs related to the examination administration system. Mr. Sanchez moved to accept the capital expenditure budget and was seconded by Mr. Duree. All approved.

#### 7. Puerto Rico Resolution

CFO Bryant distributed a corporate resolution required by Puerto Rico to do business there. He explained counsel in PR had drafted it. Mr. Sanchez moved that the Board accept the resolution and was seconded by Mr. Weinshel. Mr. Harris asked that document be approved subject to review by NASBA's attorney. The document was approved by all.

#### 8. Report of the Nominating Committee

Nominating Committee Chair Sadler reported his committee had met on June 25 in Seattle and had made the following selections:

**Directors-at-Large (three-year terms):**

Donald H. Burkett (Delegate – SC)

Harry O. Parsons (Delegate – NV)

Gaylen R. Hansen (Delegate – CO)

**Regional Directors (one-year terms)**

Middle Atlantic – Miley (Bucky) W. Glover (Delegate – NC)

Great Lakes – Kim L. Tredinnick (Delegate – WI)

Southwest – Janice L. Gray (Delegate – OK)

Southeast – Kenneth R. Odom (Delegate – AL)

Mountain – Karen F. Turner (Delegate – CO)

Central – Telford (Ted) A. Lodden (Delegate – IA)

Pacific – Laurie J. Tish (Delegate – WA)

Northeast – Jefferson (Jeff) M. Chickering (Delegate – NH)

Mr. Sadler thanked the Nominating Committee for their hard work and all those who had been willing to serve on NASBA's Board.

9. Report of the Vice Chair

Vice Chair Daggett reported he was in the process of developing the NASBA committees for 2010-2011. He has spoken to the chairs of all of NASBA's present committees. He expects to have NASBA Board members as chairs of most of the committees. Mr. Daggett is developing smaller committees and trying to combine committees, "leaner and meaner," he explained.

10. Executive Session

To discuss the progress of the Selection Advisory Committee as it seeks a successor to President Costello, it was decided the Board should go into executive session.

11. Report of the Executive Directors Committee

Executive Directors Committee Chair Sweetwood reported the states are starting to create their budgets for the coming year and there are some unusual ideas being circulated. He said information developed by the State Board Relevance Committee would be helpful. He also noted that the U.S. Health and Human Services Department has contacted State Boards in Alabama, South Dakota and North Dakota requiring them to submit disciplinary information on their licensees. NASBA has written to HHS on behalf of the State Boards. Ms. Biek said the letter argued that CPAs should not be considered health care providers.

Mr. Sweetwood also reported that a central database on enforcement actions is being considered by the executive directors. Many feel the Accountancy Licensee Database is the appropriate place for that information to be stored. He suggested that NASBA could assist the executive directors in tracking major civil litigation.

Mr. Parsons reported that Nevada's governor has announced a plan to combine the Nevada regulatory boards and to furlough some of their staff. President Costello said NASBA will offer assistance when they receive a request from the Nevada Board's executive director.



## 12. Report on International Relations

Ms. Biek said NASBA can be the ears and voice of the State Boards in the international arena. In China, the CPA license is referred to as the "AICPA license," Ms. Biek noted. During her recent trip to China, with Messrs. Costello and Treacy, they were listening and talking on the Boards' behalf. On September 29 – October 1, NASBA will hold its Forum for International Accounting Regulators in Madrid, Spain. Ms. Biek said the program will focus on cross-border communication. Just as the securities regulators work together internationally through IOSCO, she believes the accountancy boards could work together internationally.

NASBA's efforts have resulted in more international recognition, Ms. Biek observed. She reported that Gaylen Hansen had been appointed to two Consultative Advisory Groups for the International Federation of Accountants, representing NASBA on the Ethics and Audit Standards Boards advisory groups.

Mr. Treacy said in five business days, he, Mr. Costello and Ms. Biek made six business presentations during their China trip. Among the groups they met with were students and faculty at Beijing University, representatives of the Chinese Institute of CPAs, members of the Beijing Institute of CPAs, and representatives from the other provincial institutes and standard setters. On July 22, NASBA received word a Chinese delegation will be in New York City to meet with them. China now has 1.4 billion people and 150,000 CPAs, Mr. Treacy stated.

The mutual recognition agreement (MRA) with the Institute of Chartered Accountants in Ireland has been renewed by IQAB for another five years, IQAB Chair Treacy reported. IQAB has also studied changes in education for chartered accountants in Australia and decided to renew their MRA too when it comes up for renewal. However, the agreement with CPA Australia is under consideration because they now are a global designation, which was not contemplated when the MRA was originally negotiated. The executive director of CPA Australia is to meet with Mr. Treacy and AICPA President Barry Melancon in November to discuss the MRA. IQAB continues to negotiate with the Hong Kong Institute of CPAs to develop an MRA, Mr. Treacy said. Mr. Hansen said the State Boards should be notified if an agreement is ended, and Mr. Treacy assured him they would be.

## 13. Presentation by ICAEW

Ms. Etteridge and Mr. Protherough thanked the Board for allowing them to attend the meeting and presented information about the Institute of Chartered Accountants in England and Wales' qualifications. Mr. Protherough explained they were in attendance at this meeting to build bridges. The ICAEW has reciprocal membership agreements with Canada, Australia, New Zealand, Ireland, Scotland, South Africa and Hong Kong.

Vice President Daggett said NASBA has to make sure other countries know what the State Boards do. He intends to make this a major effort during his year as Chair.

## 14. International Delivery of the Uniform CPA Examination

Chief Operating Officer Bishop reminded the Board they had voted to adopt term sheets for the international delivery of the Uniform CPA Examination as well as the domestic delivery. Domestically the contract has been signed, but internationally the contracts have not yet been.

For international delivery there will be a two-party agreement between the AICPA and NASBA reaching until 2024 and then a three-party agreement among AICPA, NASBA and Prometric for two years. Each party will be responsible for obtaining the insurance they need. Interpreting the different privacy laws and data transmission laws has been challenging, Mr. Bishop said.

Chair Atkinson is serving as the NASBA Board's representative for approving that the term sheet's provisions have been met, Mr. Bishop said. He recently went to Japan and found that they are in agreement with the terms being proposed for their candidates.

#### 15. Report of the CPA Licensing Examination Committee

CLEC Chair Davenport repeated what he had said at June's Regional Meetings: (1) Because of NASBA's increased influence on the Board of Examiners, CLEC will review its mission to ensure the committee is not redundant. (2) The Boards need to provide nominees for the Board of Examiners now that the increased participation they have been seeking has been accomplished.

#### 16. Report of the Committee on Relations with Member Boards

Committee Chair Burkett reported that overall the Regional Meetings and the Orientation Meetings had received high marks on the participants' evaluations. Participants prefer breakout sessions, as smaller groups give them the opportunity to ask more questions. Mr. Burkett said Boards that only have a single member attending NASBA meetings want to have that member attend the Communications Committee Breakfast and the Board Chairs' Breakfast.

Chair Burkett said the Committee has also suggested that, as questions are posed from the NASBA meeting's floor, they be keyed in and appear on the screen behind the podium.

The Committee would like to receive suggestions from the Board members for quarterly focus questions. Mr. Burkett asked that those be sent in to him a week prior to the Board Meeting so they can be considered by the Committee members.

#### 17. Professional Credential Services Report

PCS President Hanley reported 57 professions are now served by PCS, NASBA's wholly owned subsidiary. Recently opticians and psychiatric nurses were added to the client list. PCS has experienced a steady increase in its revenue and a good renewal rate on its contracts, she reported, with six clients renewing this year and four new clients being added. PCS is doing work for 18 boards in Puerto Rico. The investigator business is being launched with the first inspections being done on behalf of the cosmetology boards.

Ms. Hanley said in coming weeks PCS will start targeting the association management piece of their business. NASBA has created a shared resource of PCS, Compliance Services and CPAES, she explained. As an extension of this combination, there will be a call center in Guam which will permit a much larger window for candidates to call in and to work their applications on line.

## 18. Report of the Ethics and Strategic Professional Issues Committee

Committee Chair Hansen reported he is chairing the AICPA's Professional Ethics Executive Committee's (PEEC) Ethics Codification Project task force. He used the NASBA Quick Poll to gather information for the task force and was surprised at the speed with which he received responses. PEEC has released interpretations on conflict of interest, inadvertent violations and networks.

As a member of the Public Company Accounting Oversight Board's Standing Advisory Committee, Mr. Hansen noted that broker/dealers now have to register with the PCAOB and he anticipates the PCAOB will probably extend its oversight. He also believes SEC Commissioner Mary Schapiro will soon be making new appointments to the PCAOB.

Mr. Hansen's NASBA Ethics Committee is hoping the NASBA Executive Committee will support their proposals for a uniform definition of "independence" and aspects of loss audits. The final white papers on these proposals will be posted on the NASBA Web site.

The Committee is concerned about people entering the U.S. to practice public accounting from countries that do not have a mutual recognition agreement with the U.S. Mr. Hansen said he will coordinate action with the Uniform Accountancy Act Committee on this topic. Mr. Treacy observed that the PCAOB is allowing accountants to come into the U.S. to practice. Mr. Odom reported the Auditing Standards Board is considering this situation under their discussions of group audits and how to define who is on an audit.

Mr. Hansen said he has met with Senator Michael Bennet (CO), who sits on the U.S. Senate Banking, Housing and Urban Affairs Committee, and will meet with Senator Michael Enzi (WY). He emphasized the need to have talking points ready when NASBA representatives speak with people about legislation.

## 19. Report of the Education Committee

Education Committee Chair Harris reported he will be attending the American Accounting Association's Annual Meeting with Ray Johnson, Melanie Thompson and Chair Atkinson. Two task forces have been formed, one is reviewing an assertion found in the "Human Capital" section of the 2008 U.S. Treasury Department Advisory Committee on the Auditing Profession's (ACAP) report that 21 percent of accounting graduates in a recent year were minority group members, while minorities accounted for only 8 percent of licensees. If it is accurate, the task force will then question if the statistic is disproportionate to non-minorities. NASBA Chief Relationship Officer Alfonzo Alexander has recently attended meetings of the National Association of Black Accountants and Beta Alpha Psi. The Committee's second task force is interested in pursuing a component of the ACAP report's recommendations on cataloging who has what types of data, including candidate data, that would better facilitate accounting education research.

Chair Harris has also been monitoring the meetings of the California Board's Accounting Education Committee (AEC), led by Ruben Davila. The AEC is charged with evaluating the additional ("hollow") 30 credits of the required 150. California's 150-hour requirement becomes effective in 2014. Ten of the credits are to be ethics education courses. The AEC is suggesting an extra six hours of upper level or graduate accounting courses be required.

Mr. Treacy said IQAB has formed an off-shore education task force to determine how to evaluate designations that are awarded through education programs given outside the proposed mutual recognition agreement partner's home country. Ruben Davila has been appointed chair of that task force.

#### 20. Report of the Examination Review Board

Chair Atkinson announced he had asked Wesley Johnson (MD) to chair the Examination Review Board (ERB) and Sandy Wilson (AK) to continue as ERB vice chair for another year. Ms. Wilson had declined to move into the position of ERB chair this year, as the Board is fundamentally being realigned.

Charles Talbert (SC), ERB member and past chair, said he had formally presented the ERB's report to both of the Regional Meetings. This year there were changes in the management letter structure and dates were shown when comments were first made and repeated.

The new ERB structure calls for five volunteers and three full-time staff, Mr. Johnson said. They are recommending that the ERB volunteers serve a minimum of two years. Initially they will include Mr. Johnson, Ms. Wilson, Mr. Talbert, Nicholas Mastracchio, Jr. (NY) and David Vaudt (IA). The staff, including an auditor and an IT person, will report to Toerien DeWit, CPA, and is expected to begin their work on September 1, 2010. Two consultants will continue to work with the ERB. Mr. Talbert explained the volunteers will now function as partner, overseeing the work of the staff. The examination contract partners have not raised any serious objections to the restructuring, Mr. Talbert said, and he and Mr. Johnson will meet with the Contract Steering Group on July 27, 2010. In August, they will hold an ERB planning meeting to recruit any short-term volunteers that might be needed for the transition.

Mr. Odom moved to approve the ERB transition plan as presented. Mr. Isserman seconded and the plan was unanimously approved.

#### 21. Report of the Communications Committee

Committee Chair Flowers reported the Communications Committee is focusing on social media, covering macro issues and confidentiality. The Communications Committee's Web page continues to grow. Students are using social media and those are the people that NASBA is aiming to reach through its social media efforts. Many State Boards are also using social media, Ms. Flowers said. On August 9 the Communications Committee will hold an in-person meeting.

Mr. Lodden suggested that the Communications Committee submit a question for the Regional Directors to place in their quarterly Focus Questions.

Mr. Treacy said the Texas Board had recently completed a video entitled "On The Way to Be a CPA." A Texas professor was the producer and director. Chair Atkinson suggested it be shown at the NASBA Annual Meeting.

#### 22. Report of the CPE Advisory Committee

Committee Chair Long reported a forum with members of the CPE Advisory Committee, CPE Sponsor Registry and NASBA staff was held in May to focus on sponsor registration and

the Quality Assurance Service. Constructive comments were obtained that the Committee worked with the next day. They concluded a task force should be formed to look at the CPE standards to see if they require updating. Mr. Lodden is to chair the task force, which will meet on July 28, and have its final report ready by May 2011. There was discussion if the standards should continue to be the "AICPA/NASBA Statement on Standards for CPE Programs" (as appended to the Uniform Accountancy Act) or if they should be issued as a NASBA document.

### 23. Report of the Uniform Accountancy Act Committee

Committee Chair Tish announced progress is finally being made on guidance on misleading firm names, including reference to networks. There is still debate if this guidance is to be placed in the UAA or the Model Rules, but the AICPA/NASBA UAA Committee will meet to work that out. Ms. Tish anticipates there will be a compromise with the statute giving general guidance and rules fleshing out the meaning. The biggest sticking point hinges on what needs to be done for mobility. While the AICPA favors a blanket immunity approach, NASBA maintains that if a firm registers in a state, then it must have a name approved by that state. Ms. Tish believes as all states come to agree on what is a misleading name, there will be no problem of a name being okayed in one state but not in another.

Mr. Bishop agreed that, under the mobility provisions, if a firm needs to be licensed in a state, it has to meet the same requirements as firms with offices in the state. President Costello concurred that those who promoted mobility never contemplated that firms could cross borders and break state law. Chair Atkinson asked if anyone disagreed with the position being taken by the NASBA UAA Committee team. No hands were raised.

Ms. Tish said she would provide NASBA leadership with a working draft of the language under discussion before they attend the summit with AICPA leadership in August.

### 24. Report of the Committee on State Board Relevance and Effectiveness

Committee Chair Johnson reported four subcommittees were at work. They had drafted a proposed model act template, were working on a model state budget, and had developed a rationale paper for the self-directed/semi-independent Accountancy Board. Mr. Johnson said the budget still needs to be crafted into a spreadsheet format so that Boards could just plug in their own numbers. The Committee's Web page has been growing with helpful legislative support items being contributed by Rick Sweeney (WA) and Mr. Johnson. However, Mr. Johnson observed that the executive directors are not turning to the Web page frequently and he would like to see it accessed more.

Both the template and rationale documents were exposed and discussed at the Regional Meetings. Meeting participants commented that the documents were headed in the right direction and were a good tool, Mr. Johnson reported. Other interested parties are now being asked for their comments. Messrs. Johnson and Atkinson both offered at the Regional Meeting sessions to visit the State Boards to discuss the proposal for a self-directed/semi-independent Board with them. Oregon requested such a meeting.

Mr. Atkinson said he had received positive feedback from the AICPA and state society executives, who were initially supportive of the self-directed/semi-independent Board. They now await a final draft from the Committee.

## 25. Report of the Regulatory Response Committee

Regulatory Response Committee Chair Isserman reported the committee had drafted the June 3, 2010 letter to the International Accounting Education Standards Board. The letter was signed by Chair Atkinson and President Costello and has been posted on the NASBA Web site.

The Committee is now drafting a comment letter on the Peer Review Board's proposed standards revisions. This exposure draft was brought to the Committee's attention by Compliance Assurance Committee Chair Ken Odom. The AICPA had suggested to Mr. Odom that NASBA send a comment letter because they believe NASBA would support the proposed changes (as Mr. Odom's committee did). The AICPA is being lobbied by small firm practitioners who are opposed to some of the proposed changes.

Mr. Isserman said two letters will be drafted for the Peer Review Board, one supporting the changes and the second recommending that they consider prohibiting network firms from peer reviewing other firms in their network.

## 26. Report of the Compliance Assurance Committee

Committee Chair Odom reported that all jurisdictions but Maryland, Florida and the five territorial districts are now mandating peer review, and Florida is working to get it. Representatives of the Compliance Assurance Committee met with representatives of the AICPA and Peer Review Board and one of their conclusions was they need to continue having such meetings on an annual basis. Next year the meeting will take place in Nashville and be hosted by NASBA. Mr. Odom said the Committee intends to hold another conference for the states' Peer Review Oversight Committees' representatives to allow them to exchange ideas. These are state-driven committees and none of them are doing the same thing, he observed.

The Compliance Assurance Committee (CAC) had asked the AICPA Peer Review Board to give them a written report on the oversight of the National Peer Review Committee (NPRC) and they have agreed to do so. Mr. Odom said the Committee is adamant about the need to see oversight of the NPRC. He said the AICPA had consented to give the CAC a report on the NPRC and according to the AICPA's Jim Brackens it should be forthcoming before the end of the year.

## 27. Report of the Enforcement Assessment and Best Practices Committee

Committee Chair Weinshel reported that for two years his group has been collecting information for its manual. They received good input at the 2010 Regional Meetings and now they expect to have a manual ready for the 2010 Annual Meeting.

## 28. Report of Enforcement Resource Committee

Committee Chair Parsons said the Committee members will meet on August 23 in Washington, DC. The Committee's members have been asked to schedule a meeting with their representatives in Washington and they will need NASBA talking points to ensure a coordinated effort. The Committee wants to strengthen enforcement resources. Ms. Biek has met with government agencies, Chair Parsons has met with the AICPA and other Committee members

have met with the IRS. Committee member Michael Skinner (GA) is identifying enforcement resources for the Boards to call on.

Mr. Parsons, a NASBA representative to PEEC, reported that at a PEEC meeting it was suggested that AICPA work on joint investigations with the Boards, as the AICPA has a staff of about 40 people working in this area.

#### 29. Report of the Awards Committee

Awards Committee Chair Smith reported their recommendations for the 2010 awards to be presented at the Annual Business Meeting:

William H. Van Rensselaer Public Service Award: K. Michael Conaway (TX)

NASBA Distinguished Service Award: Sheila M. Birch (OH)

Lorraine P. Sachs Standard of Excellence Award: Daniel J. Dustin (NY)

The nominations were unanimously approved. The award winners are to be notified within the week.

#### 30. Next Meeting

Chair Atkinson announced the NASBA Board will next meet on October 22 in San Antonio, TX.

#### 31. Adjournment

On a motion by Mr. Odom, seconded by Mr. Isserman, and approved by all, the meeting was adjourned at 3:15 p.m.

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

### **Highlights of the Board of Directors Meeting October 22, 2010 – San Antonio, TX**

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, October 22, 2010 at the Hyatt Regency San Antonio, in San Antonio, TX, the Board took the following actions:

- Approved the creation of the NASBA Accounting Education Research Grant Program, as described by Education Committee Chair Mark Harris (LA). The program will distribute a total of up to \$25,000 per year, to be divided among a maximum of three research projects. The grant recipients are to be announced by March 15, 2011.
- Approved the rationale and template documents for a self-directed, semi-independent state board of accountancy, as developed by the State Board Relevance and Effectiveness Committee, chaired by Carlos Johnson (OK).
- Approved the “Proposed Uniform Definition of Independence” and the “Audit Fees and Engagement Profitability: A Threats and Safeguards Approach to Strengthen Compliance with Standards of Ethical Behavior” documents prepared by the Ethics and Strategic Professional Ethics Committee, chaired by Gaylen Hansen (CO). In presenting these papers, Mr. Hansen explained they are not authoritative documents, but are meant to stimulate thought for standard setters to consider.
- Approved for distribution to the State Board Executive Directors an enforcement manual based on the procedures of many State Boards, as compiled by the Enforcement Assessment and Best Practices Committee, chaired by Michael Weinschel (CT).
- Heard a report from NASBA Chair Billy M. Atkinson on the progress of the Blue Ribbon Panel on Standard Setting for Private Companies. Chair Atkinson underscored the need to focus on fixing how private company standards are set, not on creating a separate board. The BRP will next meet on December 10, 2010 in Norwalk, CT.
- Approved for exposure changes related to CPA firm names in the Uniform Accountancy Act and the Model Rules, as presented by UAA Committee Chair Laurie Tish (WA), with a change moving proposed language into the commentary to the Rules. As the exposure draft was created by the joint NASBA/AICPA UAA Committee, it will need to be approved by the AICPA Board of Directors at their next meeting, on November 19, before a comment period can begin.
- Learned from NASBA President David Costello that the Center for the Public Trust now has established a student chapter at Birmingham-Southern College, as well as Lipscomb University, and will soon be launching one in Baruch College - City University of New York. Several schools in Colorado are also under consideration.



- Approved a \$150,000 contribution to the NASBA Center for the Public Trust, as proposed by the Administration and Finance Committee, chaired by Treasurer Leonard Sanchez (NM). CFO Michael Bryant reported that consistent operating income and strong investment returns resulted in the second-best year in NASBA's financial history.
- Approved the changes to the Audit Committee's charter, as proposed by the Audit Committee and amended by the Board. The changes were presented by Audit Committee Chair David Duree (TX).
- Heard a report from Director-at-Large Gaylen Hansen on his meetings with the consultative advisory groups to the International Federation of Accountants' auditing standards board and ethics standards board. Internationally, the ethics standards body tells the auditing standards body if independence is needed – which is structurally different from what is done in the United States, Mr. Hansen commented.
- Heard from Executive Vice President Joseph Cote that NASBA has launched its Learning Market, which allows CPE sponsors to apply and renew their membership on the CPE Sponsor Registry on-line and to more easily post their programs on the NASBA site. He also announced CPE Tracking has been rebranded as "Calibrate," and will be made available to other professions.
- Learned from Senior Vice President and COO Ken Bishop that on August 13, 2010 a contract with the AICPA and Prometric was signed for the international delivery of the Uniform CPA Examination. During the two-year pilot testing, sites in Japan, Bahrain, Kuwait, Lebanon and the United Emirates will be used.
- Heard from Continuing Professional Education Advisory Committee Chair Theodore Long (OH) that a task force led by Telford Lodden (IA) is reviewing the CPE Standards and will review their conclusions with a joint task force including the AICPA.
- Learned from Accountancy Licensee Database Committee Chair Daniel Sweetwood (NE) that 31 states are now fully participating in the ALD.
- Thanked Sally Flowers (CA) , Claireen Herting (IL) , Thomas Sadler (WA), Leonard Sanchez (NM), Michael Weinshel (CT) and retiring Executive Vice President Joseph Cote for their service to the Board.

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- At Special Meeting on October 26, 2010 – Elected E. Kent Smoll (KS) to fill newly-elected Vice Chair Harris' unexpired two-year term as Director-at-Large.

Next NASBA Board meeting scheduled for January 14, 2011 in San Juan, PR.

Distribution:

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

**Executive Summary of  
August 2, 2010 – October 6, 2010  
Regional Directors Focus Questions Responses**

(Respondents - 37 Jurisdictions)

1. (a) Has your Board included the AICPA/NASBA CPE Standards for CPE Sponsors in your rules by reference? Yes - 14; No – 22. (b) By specific language? Yes – 12; No – 15. (c) Has your Board viewed the FAQs and agreed with them? Yes – 7; No – 21. (d) Does your Board believe the information contained in the FAQs should be placed in the Standards or continue to stand alone as advisory interpretations that can be modified as quickly as needed? Yes – 0; No – 2; Stand alone – 15; Divided - 1. (e) Is there any area of the Standards that your Board would like to see reconsidered? (See report.)
  
2. (a) Does your Board have a record retention (destruction) policy and, if so, has it been reviewed lately? Yes – 32; No – 4. Reviewed lately? Yes – 18; No - 2. (b) Does it include a document destruction policy for e-mail? Yes – 16; No – 15. (c) Is the policy being followed? Yes – 22; No – 1; Not fully – 2.
  
3. (a) Is your Board currently conducting a CPA swearing-in (or certificate distribution) ceremony? Yes – 8; No – 29. (b) Did it ever? Yes – 7; No – 7. (c) If so, has it been successful? Yes – 7; No – 1. (d) Has it been done with the assistance of the state CPA society? Yes – 7; No – 1. (e) Do you think it is something other Boards would benefit from? Yes – 8; No – 0.
  
4. Does your state allow for any CPA designation for a retired CPA? Yes – 12; No – 23. If so, what is the designation and how has this worked out in your state? Frequent designations identified: CPA-Retired; CPA-Inactive.
  
5. Has your Board incurred any problems that could be attributed to adopting mobility legislation? No – 24. Decrease in fees: AZ, NM, WA, WY.
  
6. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?

Some highlights: NM – Legislation proposed to limit time (7 years) in which person must apply for a NM CPA license after passing CPA Examination. HI – Mandatory peer review. TX – Created DVD “On Your Way To Be A CPA.” PR – Legislation proposed to require professional experience prior to CPA licensure. NV – Governor looking at consolidating boards. OK – considering specialty certifications. (See report for more details.)

**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 August 2, 2010 and October 6, 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*

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

**Alabama** – (a) No. (b) Yes to the extent they were acceptable. (c) To the extent needed. (d) No, continue as stand alone advisory interpretations. (e) Repeal Standard No. 5 which allows for CPE credit for independent study.

**Alaska** – (a) Yes. (b) No. (c) No.

**Arizona** – (a) No. (b) No. (c) To the best of staff's recollection, the Board did not review the FAQ's. The Arizona Board's requirements for viable CPE sponsors and their content is addressed in its rules independently from these Standards, but the rules do not disagree with the Standards themselves. (d) The Board would need to review to comment. (e) The Board would need to review to comment.

**Arkansas** – (a) Yes. (b) No - Standards are included by reference only. (c) No. (d) N/A.

(e) No, however note that our Board has had a long-standing problem with communicating the requirements of and for group CPE.

**California** – The California Board of Accountancy (CBA) does not include, nor reference, any specific language from the Standards in its statutes or regulations. The CBA has developed its own set of continuing education (CE) provider requirements and program measurements in regulations. While in some instances the regulations may mirror the Standards, in other instances the CBA-developed regulations differ from the Standards. The CBA does not pre-approve CE providers (except for providers of the newly established Regulatory Review course) and places the responsibility on licensees to select providers that meet the minimum provider requirements and program measurements established by the CBA in regulation. As such the CBA does not use the established Standard FAQs and, thus, has no comment regarding the FAQs.

**Colorado** – (a) Yes. (b) Yes. (c) No, the Board has not reviewed the FAQ's, so I cannot comment on whether they agree with them. (d) Cannot comment at this time. (e) Cannot comment at this time. Once more information is gathered from the Annual Conference, this information will be presented to the Board.

**Connecticut** – (a) No. (b) No. (c) No. (d) Unknown. (e) No.

**District of Columbia** – (a) Yes, access the regulations, <http://www.asisyvcs.com/publications/pdf/670918.pdf>, and read section 2531.2. (b) The regulations specifically reference the Statement on Standards of Continuing Professional Education (CPE) Programs developed jointly by NASBA and the AICPA. (c) No, it has not been discussed. (d) No, it has not been discussed. (e) No, it has not been discussed.

**Hawaii** – (a) No. (b) No. (c) Not at this time; Board would like to review the final document. (d) FAQs are interpretations for which fluidity is necessary. (e) Not at this time.

**Idaho** – (a) Yes. (b) Yes. (c) Not the Board, but our CPE Committee has viewed and agreed with them. (d) A stand alone document that can be quickly updated is the best approach as far as the Board's staff is concerned. (e) Not at this time.

**Illinois Dept. of Financial and Professional Reg.** – (a) No. (b) No. (c) No. (d) N/A. (e) Not at this time.

**Indiana** – (a) No. (b) No. (c) Yes. (d) Stand alone. (e) None at this time.

**Kansas** – (b) by specific language. (c) No. (d) The Board has not discussed. (e) Same as d.

**Kentucky** – (a) No. (b) Yes. (c) No we have not reviewed the FAQ's. (d) Stand alone. (e) Not certain at this time.

**Louisiana** – (a) We have not adopted the AICPA/NASBA CPE Standards by reference or (b) by specific language, although our CPE rules are similar in many respects. A couple notable

exceptions are that we do not allow claiming partial hours and we do not provide for a category of “independent study” as described in the AICPA/NASBA CPE Standards. (c) We have not reviewed these FAQs recently, or at length. (d) In general, a cursory review of the FAQs indicates they be kept stand alone. (e) The Board did not agree with the concept of “independent study” at the time the AICPA/NASBA Standards were exposed and issued, and the Board has not changed its position.

**Michigan** – (a) No. (b) No. (c) No the Board has not reviewed the FAQs. (d) The Department prefers that the information continue to stand alone as advisory interpretations. (e) Not at this time.

**Mississippi** – (a) No, Mississippi has not included the Standards in its rules by reference but by specific language. (b) Yes, Mississippi has included the Standards by specific language. (c) No, not at this time. (d) No, continue to provide as separate advisory interpretations. (e) None at this time.

**Nebraska** - (a) No, but accepts by Board Policy. (b) No. (c) Yes, initially, but not on a regular basis. It is anticipated the Board utilize the advisory interpretations more often when making decisions relative to CPE. (d) Probably better to keep the flexibility in the advisory interpretations

**Nevada** – (a) Yes, the Board has adopted by reference the CPE standards within its regulations. (b) Yes, through reference. (c) The Board didn’t know there were FAQs relating to the standards. (d) No changes to the FAQs. (e) No changes to the CPE standards are needed.

**New Mexico** – The New Mexico Board has included most of the Standards for CPE Sponsors in its rules by specific language. The Board has not reviewed the FAQs and therefore has not opined on their placement within the Standards.

**New York** – (a) Regulations have been enacted that are consistent with New York’s Public Accountancy Law. (b) N/A. (c) No, the board has not reviewed the FAQs. (d) N/A. (e) The Board’s education committee will review the Standards and provide feedback if warranted.

**North Carolina** – The Board does not reference or by specific language the NASBA AICPA Standards for CPE Sponsors in its rules. The Board staff has reviewed the FAQs and neither agrees or disagrees with the FAQs as they are advisory in nature and any decision regarding interpretation of CPE rules is a decision of each jurisdiction. Because the FAQs are advisory in nature and these interpretations must be applied to 55 jurisdictions, the Board does not believe the FAQs should be incorporated into the NASBA AICPA Standards for CPE Sponsors. There are no areas of the Standards the Board feels that need to be reconsidered.

**North Dakota** – We have not referenced the sponsor standards in our regs., although we do indicate that NASBA Registry approved courses qualify for ND CPE credit. We have not viewed the FAQs. Personally I would suggest not including all FAQ content in the regs., so as to avoid having standards that are enormous and try to speak to every possible questions that could arise. No suggestions for standards review.

**Oklahoma** – (a) Yes. (b) The Oklahoma Board has included the AICPA/NASBA Standards for CPE Sponsors, with modifications under Subsection 32 of the Oklahoma Accountancy Board’s Rules. (c)&(d) The Oklahoma Accountancy Board has not yet reviewed the FAQs or rendered an opinion as to whether or not these standards should continue to stand alone as advisory interpretations.

**Puerto Rico** – (a) No, our board has not included by reference the Standards in our CPE Regulations. (b) No. (c) Yes. (d) Some board members believe should be part of the standard, others believe it should be kept on a stand alone as advisory interpretations that could be modified as needed. (e) No.

**Rhode Island** – The Rhode Island Board has adopted the Standards by reference. The Rhode Island Board believes that the Standards should continue to stand alone as advisory interpretations.

**South Carolina** – (a) The Board, at its 1/26/2005 Board Meeting, adopted the AICPA Statement on Standards excluding Standard 5, Independent study. (b) N/A. (c) N/A. (d) Stand alone, in order to be modified as needed.

**South Dakota** – (a) No. (b) No. (c) The Board has not reviewed the FAQs.

**Tennessee** – (a) No. (b) Yes. (c) Yes. (d) After reviewing the FAQs, I believe that they should stand alone. (e) Perhaps a larger audit selection to ensure that the Standards are being followed. In addition, some notice regarding sponsors who have been cautioned about not meeting the Standards or who have been disciplined for not meeting the Standards would be appreciated. This Board has never received any notification that a sponsor has ‘failed’ an audit, or that they have had to rework a course in order to meet the Standards. We have also never received any notification that any sponsor has been disciplined or has been removed from the program. Since our entire CPE system is built around the Registry and QAS, it is imperative that we be aware of any sponsors who may be ‘problematic.’

**Texas** - (a) No, the Texas Board does reference the Standards in the rules but has adopted them except for Standard Number 3 in the commentary. (b) No, there is no specific language in the Texas Rules. (c) Yes, staff has reviewed the FAQ’s and currently there is a staff member on the NASBA’s CPE Task force. (d) No, FAQ’s should stand alone and should be used only as advisory interpretations. (e) No, not at this time other than the five year retention of CPE documentation.

**Virginia** – No. The Virginia Board of Accountancy does not currently include the CPE Standards for CPE Sponsors in our rules by reference or by language. The Virginia Board of Accountancy does plan to address CPE standards during the current fiscal year with plans to produce a policy by June 30, 2011. Until the Virginia Board of Accountancy addresses this issue, we are not in a position to comment.

**Virgin Islands** – The Virgin Islands’ Board is currently in the process of adopting the UAA in an effort to update the VI Code, and develop rules and regulations for the Board. We will consider these questions and concerns during our process, but believe that they should remain as advisory interpretations that can be quickly modified and not placed in the Standards.

**Washington** - (a) and (b) No; Washington State does not incorporate or reference the standards by rule. (c) and (e) The Board has recently approved a Task Force to monitor CPE and Exam developments. The Task Force has not become operational as of this date so the Board has no input on these issues.

**Wisconsin** – (a) No. (b)-(d) N/A. (e) None at this time.

**Wyoming** –(a),(b) No. Wyoming Rules do not include reference to AICPA NASBA Standards for CPE Sponsors. Wyoming Rules do include guidance for sponsors and licensees pertaining to what constitutes acceptable and complete CPE course work. The Board reviewed and revised its rules pertaining to CPE in August, 2010. (e) The Wyoming Board has not determined that there is any standard that it would like to see reconsidered.

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

**Alabama** – (a) Yes and Yes. (b) Yes. (c) Yes.

**Alaska** – (a) 10 years, reviewed biannually. (b) Yes, emails are included. (c) Yes, it is being followed.

**Arizona** – (a) Yes, and the policy is followed. (b) No, but we are currently working on it.

**Arkansas** – (a) Yes. It was last revisited in 2009. (b) Yes. (c) Yes.

**California** – The California Board of Accountancy (CBA) has a record retention policy which was last revised in August 2009. Although the CBA does not currently have a destruction policy for e-mail, the CBA is currently going through a transition to Outlook e-mail following which the CBA will be adopting the California Department of Consumer Affairs’ policy on e-mail destruction. This policy will require all e-mails not transferred to file folders to be automatically deleted in 90 days. E-mail messages retained in the “in-box,” “sent,” “drafts,” and “trash” folders will be automatically deleted from the e-mail systems when they become 90 days old. All other e-mail folders will have a retention of 2 years.

**Colorado** – (a) Yes. No. It has not been reviewed recently. (b) No. (c) No.

**Connecticut** – (a) Yes, we have a record retention policy and it was reviewed in July 2010. (b) Yes, we have a policy for email. (c) Yes, the policy is being followed.

**District of Columbia** – (a) Yes. (b) Yes. (c) Yes.

**Idaho** – (a) Yes and Yes. (b) No. (c) Yes.

**Hawaii** – (a) Yes, the Board follows the General Records Schedule issued by the State Comptroller, pursuant to Hawaii Revised Statutes section 94-3. The schedule describes the records series, the minimum time the record shall be retained and provides authorization for its disposition. The last revision date is August 23, 2006. (b) The document destruction policy for e-mail is part of the law regarding government electronic records, pursuant to HRS section 94-3. (c) Lacking any information to the contrary, the Board assumes that the policy is being followed by all applicable government agencies, including the Department of Commerce and Consumer Affairs, to which it is administratively attached.

**Illinois BOE** – (a) The Board is mandated by statute to retain records for five years for all applications and supporting documents. (b) Our policy does not contain a policy for e-mail, but one will developed in the near future. (c) The policy for application and supporting document destruction is being followed.

**Illinois Dept. of Financial and Professional Reg.** – The Department complies with the State Records Act 5ILCS160.

**Indiana** – (a) Yes. The State as well as the Indiana Professional Licensing Agency (IPLA) have record retention policies. They are reviewed and updated, with agency head approval, annually. (b) Yes. Electronic communication is treated the same as paper correspondence. (c) Yes. Our agency adheres to the agency and state record retention policies. As a board administered by IPLA, the Indiana Board of Accountancy is included in this.

**Kansas** – We refer to the AICPA and PCAOB standards for record retention. There is no document destruction policy for e-mail.

**Kentucky** – Yes we have a schedule and it was updated this summer. There is a policy for the destruction of email and it is being followed.

**Louisiana** – (a) Yes, our record retention policy is filed with the Secretary of State and has been approved by its Archives division. (b) It does not include a destruction policy for e-mail. (c) The retention policy is followed in that periodically we review our stored and boxed up files and destroy records if they have become older than the life established by the policy.

**Michigan** – (a) Yes. (b) Yes. (c) Yes.

**Mississippi** – (a) Yes, Mississippi has a record retention policy for all files as established by the records oversight agency – Mississippi Archives and History. (b) No, there is no direct email policy, copies of emails are filed in accordance with the subject area and Archives regulatory requirements. (c) Yes, the policy is being followed.



**Montana** – The Board office must follow the Department’s retention policy schedule. As a result of discussions at the NASBA Western Regional Meeting, our Board Chairman requested this item be placed on the next meeting agenda, which took place in August. The Board reviewed it and discussed the issue of email. Department policy is that emails must be kept for three months before they can be deleted. While this policy does not always seem to be followed, past information requests to the Department have been filled relatively quickly using the Microsoft Outlook search tool.

**Nebraska** – (a) Yes, the Nebraska Secretary of State’s Office has a general state policy including agency specific policies. We do review the policy before initiating any destruction of documents. (b) Yes, two years. (c) We do keep our e-mails longer in case needed for Board activity.

**Nevada** – (a) Yes, the Board follows the State of Nevada general records retention schedule. (b) Yes, Board staff has reviewed and follows the state’s recommendations. The e-mail policy is currently being amended by the state and is still in draft form.

**New Mexico** – The New Mexico Board follows a records retention schedule established by the State Records Center and Archives. The policy was reviewed approximately one year ago by the Division Director of the Boards and Commissions Division of the Regulation and Licensing Department. The State Records Center and Archives has a retention policy for email, and all state agencies must follow it.

**New York** – (a) The State Education Department has a record retention policy that incorporates the state board office’s records. (b) Yes.

**North Carolina** – The Board has a record retention and disposition policy. The policy was reviewed and revised on July 13, 2009. The policy is specific to the retention and disposition of all records, both paper and electronic, which includes e-mail. The Board staff follows its policy.

**Oklahoma** – (a) The Oklahoma Accountancy Board does have a record retention policy (Records Disposition Schedule). (b) The Oklahoma Accountancy Board’s policy does not include a document destruction policy for email; however the record retention policy is currently under review. (c) Yes, the Records Disposition Schedule is being followed.

**Puerto Rico** - (a) No, the board does not have a record retention policy. (b) No document destruction policy for e-mails either. (c) N/A as there is no policy to follow.

**Rhode Island** – Our Board currently does not have a records retention policy in place but will address this in the near future.

**South Carolina** – (a) Yes, an agency wide review was conducted within last 24 months. (b) Verifying e-mail policy. (c) Yes.

**South Dakota** – (a) The Board does have a record retention policy and is was reviewed in August 2010. (b) The Board does not have a policy just for email, but a retention policy statewide for email is once an email is deleted, it is gone. (c) The policy is followed.

**Tennessee** – (a) This Board follows the policy established by the State of Tennessee. It is currently a 70 year retention requirement. (b) E-mail is not specifically addressed in the policy. (c) Not fully.

**Texas** – (a) Yes - reviewed and certified on August 6, 2009 by the Texas State Library and Archives Commission. (b) Yes. (c) Yes.

**Virginia** – (a) The Virginia Board of Accountancy is under state policy as it relates to records retention. We do not have a separate policy that is agency specific. (b) The state policy does include e-mail. (c) Yes, the state policy is being followed.

**Virgin Islands** – A record retention (destruction) policy does not exist, but has been discussed, as we have two offices (one on each island) and often time duplication of files. In addition, space limitations are a current problem for the Board.

**Washington** – By law all agencies in Washington State must comply with the state's Public Records Act. A process to revise the agency's retention schedule began in 2006 and a revised schedule was approved by the state's records committee and State Archivist in January, 2010. The destruction policy has only been partially implemented as a result of frequent legal stays of destruction due to litigation. In Washington State the content of a record or document controls destruction not the form of the record or document. In addition, a significant portion of the e-mails and other documents created, used, or received by the agency's Executive Director is subject to an separate retention schedule with some of the records and documents subject to permanent historical archiving.

**Wisconsin** – (a) Yolanda McGowan is our Bureau Attorney. She is unaware of any destruction policy but was planning to see what the general department policy was. No response as of date of writing. (b) Policy would not include e-mail retention.

**Wyoming** – (a) Yes. The Board does have a records retention policy and does manage records in accordance with it. The policy and retention schedule were recently created in conjunction with the Board staff, State Archives, Office of Attorney General and the Board itself. (b) Yes. The State of Wyoming does have a retention schedule for e-mail and the Board is subject to that. (c) Yes. The policy is being followed.

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

**Alabama** – No. Yes, through May 2010 we held a bi-annual CPA Certificate Presentation Banquet that was successful for many years but in the last five years participation dropped significantly resulting in termination of the event. The Alabama Society of CPAs had been assisting us for a number of years by providing some financial assistance. It is possible a similar event might benefit other Boards provided they could overcome the mind set of the new CPAs of

instant gratification and financial resources were available such that the event was free or low cost to the new CPAs participating.

**Alaska** – No and No.

**Arizona** – The Arizona State Board of Accountancy does not conduct a CPA swearing-in ceremony. At our annual meeting in August 2008, we did have a presentation to the holder of our 15,000 certificate issued.

**Arkansas** – Our Board conducts a swearing in ceremony once per year. The Arkansas CPA Society does assist with the ceremony. We believe it has been a success for us and that other Boards would benefit from holding them.

**California** - The California Board of Accountancy (CBA) does not conduct a swearing-in of CPAs. Once licensed, all California CPAs are mailed a 14 x17 wall certificate of their license. The wall certificate includes their name, license number, date the license was issued and is signed by the CBA President, CBA Secretary/Treasurer and Executive Officer.

**Colorado** – No. No, not to my knowledge.

**Connecticut** – Connecticut holds a spring and autumn ceremony with the assistance of the Connecticut Society, and yes it has been successful. Connecticut also believes other Boards would benefit from such a ceremony.

**District of Columbia** – No.

**Hawaii** – No, the Board does not currently conduct any type of swearing in or recognition ceremony. It is believed that such ceremonies were conducted in the 1970's, with the assistance of the Hawaii Society of Certified Public Accountants. Knowing how other states and jurisdictions conduct these types of ceremonies would be helpful for the Hawaii Board to know.

**Idaho** – No. No.

**Illinois BOE** – Our state does not have a swearing in ceremony. The State Society provides a recognition dinner in the spring for all newly certified CPAs.

**Indiana** – There is no specific swearing in ceremony as there is no budget for such an event nor is there staff available for putting on such an event. Indiana CPA Society does have an annual CPA Celebration where new CPAs and others are recognized.

**Kansas** – The Board has never held a swearing in ceremony for CPAs. That typically has been done by the CPA Society.

**Kentucky** – The Kentucky Society of CPAs conducts a ceremony twice a year. During that ceremony the Board president and executive director are present to distribute certificates to the new licensees. I believe it is very beneficial.

**Louisiana** – No -- not currently. We previously had certificate distribution ceremonies in cooperation with the state CPA society at the time the exam was given twice a year and we were a “two-tier” state, so that all passed candidates received a certificate. It proved feasible at that time. Subsequently, these events and the attempts to have these events, now that licenses (certificates) being issued throughout the year, have been more challenging to schedule and coordinate, and have not generated enough participation to justify the cost and effort.

**Michigan** – No. No. Costly to the State.

**Mississippi** – Yes, Mississippi conducts CPA presentation ceremonies semi-annually, April and November. Yes, they are very successful. Yes, Mississippi feels that any Board could benefit from providing the ceremony to new CPAs, it emphasizes the significance of the license and the responsibilities that accompany the CPA license.

**Montana** – The Montana Board does not conduct ceremonies and, to my knowledge, has never done so.

**Nebraska** – Not at this time. Yes, many years ago. Over the years attendance diminished. The Society still conducts a ceremony at their annual luncheon with the State Board Executive Director presenting the Certificates. At most, 10 new Certificate Holders attend. Again, it appears not to be very important to most new Certificate Holders.

**Nevada** – No, the Board does not conduct swearing in ceremonies. Many years ago the Board and Society offices were combined. At that time a combined ceremony was conducted. The Board has not discussed performing this function and would not have enough information to determine the value for other Boards.

**New Mexico** – The New Mexico Board has a provision in its rules that requires all new licensees to participate in a swearing in ceremony within one year of becoming licensed. This provision has been in the rules since 2005. Because it is mandatory for all new licensees in New Mexico (including those who have become licensed by reciprocity), there are a number of people who complain about having to attend. It is a semi-annual event, and approximately 40-50 new licensees plus their family and friends attend each ceremony. The New Mexico State Auditor generally offers the keynote address and administers the Oath of Office, and the CPA Society sponsors the reception held in the lobby following the ceremony. The difficulty right now is that due to budget cuts, it is an expense that we cannot justify to the Department of Finance and Administration as being critical. For this reason, it has been suspended for an indefinite period of time.

**New York** – No swearing-in ceremony is or has been conducted. Several factors, including cost would prohibit such an activity.

**North Carolina** – The Board does not and has not conducted a CPA swearing-in ceremony. The North Carolina Association of CPAs (NCACPA) has an annual CPA Inauguration. All individuals awarded original North Carolina CPA certificates during the year are invited to

participate in a ceremony which includes a reception, dinner, a speech from the NCACPA Chair, the Board President, the Attorney General of the State of North Carolina, introduction of the CPAs by the Board President, a picture with the NCACPA Chair and the Attorney General and then all CPAs repeat the oath of the CPAs. The event averages 300 to 400 individuals each year.

**North Dakota** – Yes, we do hold such a program, each fall, at the Annual CPA Convention sponsored by the Society. It serves as a “graduation” ceremony, however, a number of our newer licensees do not attend; they may be living in Minneapolis, etc., by the time of the event.

**Oklahoma** – The Oklahoma Accountancy Board does not conduct a mandatory swearing in process; however, it is currently being considered to be administered during the Oklahoma Accountancy Board’s bi-annual CPA Certificate Ceremony; this would require a statutory change.

**Puerto Rico** – Yes our board is currently conducting a CPA swearing-in ceremony and it is considered to be successful with an average participation of 95%. It is something we believe other boards should consider depending on the logistics involved.

**Rhode Island** – Rhode Island Board hosted a swearing-in ceremony for many years in the past, however this was discontinued due to a low turnout. With a staff of only two, the hours invested in the preparation of the ceremony didn’t justify continuing with such a poor turnout. The Board office provided information to the Rhode Island Society of CPAs as the swearing-in ceremony would coincide with the annual dinner hosted by the society in the past.

**South Carolina** – The Board is partnering with the South Carolina Association of CPA’s for a bi-annual Oath Ceremony. It has been positively received by the licensees, families and CPA community.

**South Dakota** – No, the Board does not have a swearing-in ceremony and it never did.

**Tennessee** – No, Tennessee has never conducted a ceremony of this nature.

**Texas** – Yes the Board conducts a swearing-in ceremony every six months. The ceremony is very successful and attendance is good. The Texas Society of CPAs hosts a reception after the ceremony for the new CPAs and their families. The Society also helps with the ceremony by providing ushers. Other Boards without a swearing-in ceremony should consider providing the ceremony. It provides recognition to the new licensees and introduces them and others to the Board.

**Virginia** – The Virginia Board of Accountancy does not currently conduct a CPA swearing-in (or certificate distribution) ceremony. The Virginia Society of CPAs conducts an annual recognition ceremony that the Virginia Board of Accountancy is invited to as a guest speaker. There is currently no discussion within the Virginia Board of Accountancy to conduct such a ceremony.

**Virgin Islands** – Our Board does not conduct a CPA swearing-in (or certificate distribution) ceremony. Certificates are mailed to successful candidates.

**Washington** – This Board does not have, nor has the Board ever had, a swearing in or formal group certificate distribution ceremony. The Executive Director proposed to the Governor’s staff that such an event could promote long-term commitment to responsible public service if a senior government official would conduct such a ceremony. The Governor’s staff rejected the notion in 2008. If eventually a formal ceremony could be implemented, this Executive Director believes it would instill a positive and lasting effect on the attitude of new licensees towards the importance of this profession to the economic vitality and ethical fiber of business reporting in this country. I also believe that this should be a joint effort with the state society and the AICPA.

**Wisconsin** – The Board has no swearing in ceremony. The State Society has a dinner for people who recently passed the exam, but certificates are not distributed at dinner.

**Wyoming** – The Wyoming Board does not conduct swearing in ceremonies. The number of new licenses issued in Wyoming is small. Formal ceremonies would be difficult and costly to launch and would likely attract few, if any, licensees. It is not feasible for the Board to consider it at this time.

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

**Alabama** – Yes. The designation is CPA and we have not had any significant negative issues related thereto.

**Alaska** – No, this is an area we are presently reviewing.

**Arizona** – The Arizona State Board of Accountancy does not currently have a retired CPA status but there is an interest in doing so and the idea is being explored and we just did a Zoomerang survey to learn how many other jurisdictions have this designation and how it works.

**Arkansas** – Yes. The designation in Arkansas is “CPA Inactive – Retired.” We charge retirees \$30 per year to maintain the designation. This has worked well for us, it allows the Board to remain in touch with our retirees. It also provides the retiree a smoother entrance back to active status if they choose to re-enter the profession.

**California** – The California Board of Accountancy (CBA) does not presently have a retired designation option for CPAs. At its July 2010 meeting, CBA began deliberations on the establishment of a retired option for CPAs, and will provide additional information to NASBA as it becomes available.

**Colorado** – Yes: Retired CPA.

**Connecticut** – In Connecticut the CPA Certificate is a base document only, granting neither practice nor title ability. For \$40.00 annually a CPA Certificate holder, including retirees may register that Certificate for the ability to use the title, but not the ability to practice.

**District of Columbia** – No.

**Hawaii** – No, Hawaii has no designation for a retired CPA.

**Idaho** – Idaho has both CPA-Inactive and CPA-Retired licenses. The licenses must be renewed annually. No CPE is required. Licensees are not allowed to provide public accounting services. Approximately 10% of our licensees hold Inactive or Retired licenses. Idaho has not had any disciplinary actions initiated against Inactive or Retired licensees.

**Illinois BOE** – We do not have a designation for retired CPAs. Illinois has two tiers of licensure; Registered and Licensed.

**Illinois Dept. of Financial and Professional Reg.** – There is no retired designation.

**Indiana** – Nothing other than “inactive” designation by the Board.

**Kansas** – No.

**Kentucky** – No.

**Louisiana** –No.

**Michigan** – No.

**Mississippi** – Yes, Mississippi allows a designation for a retired CPA: CPA (retired). Individuals must be at least 55 and fully retired and not performing any activities regulated by the Board or be permanently disabled. The application for CPA (retired) may only be made during annual registration. Individuals with the CPA (retired) designation must register annually with an affidavit concerning the retired status. CPA (retired)s do not pay a registration fee and are exempt for CPE requirements.

**Montana** – Montana CPA’s may request retired status from the Board. The actual status/designation used is “retired.” The only problem incurred with this status has been licensees returning to employment (mainly seasonally) while in retired status and not notifying the Board. In these instances, the Board has written letters of instruction warning that future instances would result in disciplinary action.

**Nebraska** – Yes, they must utilize the tag “CPA-Retired” when holding out. They must not be actively practicing public accounting and be at least 60 years old.

**Nevada** – An individual that has been approved for retired status may place the words “retired” following the designation. However, the person must be removed from any financial functions

of business or government. They would be precluded from utilizing their CPA designation with any financially related role.

**New Mexico** – New Mexico has an “Inactive” designation for individuals who are fully retired or not employed in the accountancy profession in any manner. Individuals who hold an inactive license must renew the license each year by paying the renewal fee, and they must place the word “retired” or “inactive” adjacent to the CPA designation on any letterhead, business cards, etc. They are also prohibited from holding themselves out to the public to perform accountancy services.

**New York** – No, retired CPAs are permitted to become inactive and use the “inactive” status.

**North Carolina** – A retired CPA may not use the credential in any way when he or she has elected retired status. The same rule applies when a CPA elects inactive status.

**North Dakota** – We allow a truly retired CPA (i.e., not working) to retain their certificate and use of the credential. We will likely require use of “retired” when the title is used; but that is not presently in the regulations.

**Oklahoma** – The Oklahoma Accountancy Board does not currently allow for a retired CPA designation; however, the Oklahoma Accountancy Board’s rules provide that a registrant who has met the criteria set by the Oklahoma Accountancy Board to be deemed “retired” and who holds a certificate or license must verify to the Oklahoma Accountancy Board that the registrant is no longer practicing public accounting or employed. The Oklahoma Accountancy Board exempts such individuals from the requirements of CPE.

**Puerto Rico** – No designation at Board level. Yet would consider a designation in the future.

**Rhode Island** – No. Once any individual no longer holds an active license to practice, the designation can no longer be used per the State Statute.

**South Carolina** – The Board offers an Emeritus Status. Working fine; however, not too many licensees are opting for this designation as it is irrevocable.

**South Dakota** – We allow a retired CPA to use the CPA title while having adjacent to title the word “Retired.” A Retired CPA may not perform or offer to perform any services for the public. We have not had any issues with Retired CPAs.

**Tennessee** – Tennessee has two designations for retired CPAs. “Retired” status is allowed for those licensees who are over the age of 55 and who are no longer practicing public accountancy. They are required to pay the renewal fee biennially, but they are not required to obtain CPE or to pay the Professional Privilege Tax levied by the Department of Revenue. They may use their professional designation only as John Smith, CPA (Retired). And, obviously, they may not perform or offer to perform any accounting services. Also, they may not hold themselves out as CPAs. The second designation is “Retired Over 70”. A CPA who has attained the age of 70 years may elect this status. A CPA who is in “Retired Over 70” status is NOT required to pay



the biennial renewal fee, not required to obtain CPE and are not required to pay the Professional Privilege Tax. They may also use their designation only by adding the (Retired) designation after the CPA, and they may not perform or offer to perform accounting services and may not hold themselves out as CPAs.

**Texas** – Yes, a licensee pays a reduced fee and is issued a license which states that the CPA is retired. It allows the licensee to maintain their well deserved CPA status following their retirement even though they are no longer offering accounting services.

**Virginia** – No, the Virginia Board of Accountancy does not currently authorize or utilize a “retired” status for CPAs.

**Virgin Islands** – This is an issue currently being discussed as part of the UAA/VI Code revision. We currently do not have a problem.

**Washington** – Washington State does not allow for any designation as a “retired CPA.”

**Wisconsin** – No retired status.

**Wyoming** – Wyoming does allow for a retired status. The designation is “CPA, Retired.” The individual who opts for this status is prohibited by law from delivering accounting services unless he/she reactivates the license. This practice has caused no issues in our state.

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

**Alabama** – No implementation problems but we did lose our annual revenue from temporary annual permit fees.

**Alaska** – No, just passed legislation.

**Arizona** – Since the passage of Arizona’s mobility bill in September 2008 and through August 2010, we’ve had 132 cancellations due to mobility with a revenue loss of \$39,600.

**Arkansas** – It is too early for us to provide a complete answer. So far, we are still having to communicate to our constituents / licensees about the changes, though the changes were adopted over a year ago.

**California** – California has not adopted mobility legislation.

**Colorado** – No.

**Connecticut** – No.

**District of Columbia** – The Board has not adopted mobility.

**Hawaii** – As the Hawaii Board is in the process of meeting with interested parties to draft legislation that would implement practice mobility, it is difficult at this time to identify any problems that are attributable to mobility legislation adoption.

**Idaho** – No.

**Illinois Dept. of Financial and Professional Reg.** – Implementing peer review and also licensure of firms.

**Indiana** –No. It's been working very well.

**Kansas** – Not yet. (At least that we know of).

**Kentucky** – No.

**Louisiana** – None identified to date.

**Michigan** – No.

**Mississippi** – No, not at this time. However, confusion exists related to the disciplinary process between States. For example, uncertainty occurs if another jurisdiction's CPA has performed work in your State and a complaint is filed by the client, but the CPA is no longer performing services in your State and the jurisdiction of the principal place of business will not investigate or react to the complaint.

**Montana** – Not yet.

**Nebraska** – Not at this time. The Board's Mobility Law did go into effect September 1, 2010. The Board did have to amend a surrender document to reflect those that would return to practice within the state under Mobility provisions.

**Nevada** – No.

**New Mexico** – The only problem that New Mexico has encountered is a decrease in revenues from license fees.

**New York** – N/A.

**North Carolina** – We are currently waiting for two jurisdictions to consider action on the referrals of two individuals from the jurisdictions that the Board revoked their North Carolina reciprocal certificates.

**North Dakota** – No.

**Oklahoma** – No.

**Puerto Rico** - Puerto Rico has not implemented Mobility yet.

**Rhode Island** – No.

**South Carolina** – No.

**South Dakota** – We have been discussing fines for non-licensees, which would require a statute change.

**Tennessee** – Not at this time.

**Texas** – No.

**Virginia** – To date, there have been no specific problems at the Virginia Board of Accountancy attributed to mobility.

**Virgin Islands** – Not at the present time.

**Washington** – Mobility legislation became effective in 2008 in Washington State. A minimal drop in fee revenue from reciprocal licensing has occurred. To date the agency has experienced no change in enforcement actions as a result of mobility.

**Wisconsin** – Not aware of any.

**Wyoming** – A primary concern is the Board experienced a dramatic decrease in its revenue initially. The Board continues to experience some decline as more out-of-state CPAs realize they are able to avail themselves of practice privileges/mobility. Board staff is proactive in all communications with out-of-state licensees to educate them on their options. Some licensees either feel an attachment to the Wyoming license or don't trust that mobility would allow them to practice in the state without a Wyoming license so they opt to remain licensed in Wyoming as well as their "home" state. Additionally, due to the transition in education requirements, isolated instances may result in some reciprocal licensure candidates qualifying for Wyoming licensure under less stringent education requirements. Wyoming recently experienced its first example involving a candidate who sat for and passed the exam in Colorado under the less stringent education requirements. She then licensed in Colorado in June, 2010 and applied to Wyoming for a reciprocal license in July, 2010. She applied having less than two years of work experience. The way the statute was written and interpreted by the Board, she was qualified for a Wyoming license. A Wyoming candidate with the same education and experience would have been denied licensure until he/she could document a full four years of work experience.

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

**Alabama** – Annual registration fees were increased on October 1, 2010. This is the first time these fees have been increased in 25 years.

**Alaska** – Process regulations for Executive Director position available to start 1/1/11, advertising position throughout NASBA jurisdictions starting in October/November. Regulations work on mobility, update regulations and firm ownership.

**Arizona** – We are working on finalizing an on-line renewal application, which also includes a sole proprietor firm application, and on-line CPE tracking tool.

**Arkansas** – We have a new executive director. Mrs. Leveta Ray retired and the new director is Jimmy Corley.

**California** – Senate Bill 819 (Chapter 308, Statutes of 2009) established a sunset date of January 1, 2014 for the CBA's Pathway 1 licensure option (baccalaureate degree and two years general experience), thus leaving the California Board of Accountancy (CBA) with only its Pathway 2 licensure requirement (baccalaureate degree, minimum 150 semester units, and one year general experience). SB 819, however, requires the CBA to further define an additional 30 of the 150 semester units required under Pathway 2 - 20 units in accounting study and 10 units of ethics education.

SB 819 established two committees under the jurisdiction of the CBA to assist in developing regulations for the new 30 semester units - the Accounting Education Committee (AEC) for the 20 semester units of accounting study, and the Ethics Curriculum Committee (ECC) for the 10 semester units of ethics education. The AEC began meeting in April 2010 and has held three meetings regarding the 20 semester units of accounting study, while the ECC held its first meeting in September and began discussing the 10 semester units of ethics education.

The CBA's mandatory peer review requirement is being implemented and a peer review reporting form is available online. Additionally, the Peer Review Oversight Committee has been appointed and will begin meeting soon.

**Colorado** – The Colorado Board revised all its rules.

**District of Columbia** – The Board will be auditing the continuing professional education reporting forms of some licenses before December 31, 2010. The Board will be discussing proposed peer review legislation.

**Hawaii** – (a) Pursuant to Act 066 that was passed during the 2010 Legislative session, the Board is actively promulgating administrative rules to implement mandatory peer review as a condition of obtaining and renewing a Hawaii firm permit to practice. (b) Effective July 29, 2010, CPA/PA firms that are engaged in the practice of public accountancy in Hawaii are required to obtain and maintain a firm permit to practice.

**Indiana** – A new law provided a \$10 annual fee (\$30 per tri-annual) added to the CPA licensure fee, the receipt of which is deposited into an investigative fund. With the fee recently being received for tri-annual renewals, we now have funds available for investigations. The Board is developing a budget which includes hiring a Compliance Officer for various investigative and

compliance duties. This will be the first time in our state's history that the Board will have a designated staff position.

**Nebraska** – The Board recently amended several Chapters within Title 288/ the Board's regulations.

**Nevada** – The State of Nevada governor's office has started a project to look at the activities of the Boards. This could include possible consolidation and/or additional oversight. The state will be electing a new governor in November and is unsure if this project will get support from the newly elected individual. The Board will remain close to the subject and be prepared for any possible legislation that may come from this issue.

**New Mexico** – The New Mexico Board will be undergoing sunset review during the 2011 Legislative Session in January 2011. At that time, a bill will be introduced that will seek to place a limit on the length of time (probably seven years) in which a person must apply for a New Mexico CPA license after passing the CPA Examination. The reason for this is that there have recently been a number of people who passed the exam as many as 25 years ago and who have not been working in the accounting profession and now want to enter it. Under our current statute, we must license those individuals if they have one year of experience and have passed the AICPA Ethics Examination. There is no provision for ensuring that their knowledge base is current and relevant.

**New York** – The Board continues to work toward implementation of quality review regulations and possible amendments to Rules of Board of Regents required to implement new accountancy law.

**North Carolina** – The Board is forming a task force to study the issue of licensees who are contract CFOs preparing compilations for their client which are going to a third party without a report. The licensee's employer is not a CPA firm, the licensee is not a registered CPA firm, the licensee does not have a SSARS-8 engagement letter with the client and the licensee is not participating in an approved peer review program.

**Oklahoma** – The Oklahoma Accountancy Board has been advised that the Oklahoma Society of CPAs (OSCPA) will introduce language during the next legislative session amending the Oklahoma Accountancy Act (Act) to require registrants that perform attestation engagements to undergo peer review. The OSCPAs will also introduce legislation that will allow for non-CPA ownership. Currently, the Act states that each partner or shareholder of a registered firm must be engaged in the practice of public accounting and must be a CPA in one or more jurisdictions. Additionally, due to the recent request sent to state boards by the American College of Forensic Examiners and the response letters received from other jurisdictions, the Oklahoma Accountancy Board is looking at the issue of specialty certifications. NASBA may also wish to appoint a task force to examine the use of specialty certifications.

**Puerto Rico** - Puerto Rico just recently submitted legislation to require professional experience prior to the issuance of the license/certificate to practice as a CPA. This will make Puerto Rico substantially equivalent with all other states and territories and is a preliminary step for mobility.

**Rhode Island** – Budgetary constraints and restrictions.

**South Carolina** – Lawsuit filed: 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.

**Tennessee** – The Board has appointed an ad hoc committee to research and possibly lay the groundwork to attain semi-independent status.

**Texas** – The Board has recently completed its DVD entitled “On Your Way To Be A CPA” with the assistance of the NASBA’s communications team. The DVD was created to educate students about the Board and the exam application process as part of the Board’s outreach program.

**Virginia** – (1) The Virginia Board of Accountancy promulgated new regulations effective September 16, 2010. (2) The Virginia Board of Accountancy will be proceeding in October through the regulatory process with a proposed fee increase. (3) The Virginia Board of Accountancy is scheduled to launch a new website by the end of the calendar year.

**Washington** – The agency has undergone an independent review of agency policies, practices, and procedures by an out-of-state consortium. The August 11, 2010 report is on the Board’s website under “Alerts, Performance Review” at [www.cpaboard.wa.gov](http://www.cpaboard.wa.gov). An amendment to a supplemental budget request to obtain expenditure authority for the independent review requires a second phase evaluation by the independent review team of the “efficacy, economy, and accountability” of merging the Board with the Department of Licensing” resulting in a combined report to the “appropriate committees of the legislature by December 1, 2010” (prior to the beginning of the next legislative session in January, 2011). This is the third attempt to move such legislation to the floor of the legislature for a vote.

**Wisconsin** – (1) Looking into NASBA licensee database. (2) Supreme Court ruling on practice of law.

**Wyoming** – The primary issue for the Board at this time is staff turnover. Staff has either retired or will soon retire. The turnover will result in a loss of institutional memory even though both retirees have agreed to assist new staff. There will always be “new” lessons to learn for new staff that former staff had already experienced.

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

**Input only from Board Chair**

**Input only from Executive Director: AZ<sup>i</sup>, CO, DC<sup>ii</sup>, KS, KY, MT, ND, NM, TN, TX, WA<sup>iii</sup>**

**Input only from Board Chair and Executive Director: LA, NC, VA**

\_\_\_ **Input from all Board Members and Executive Director: AL, CA, CT, HI, ID, IL-BOE, MS, NE, NV, NY, OK, SD, VI, WI, WY**

\_\_\_ **Input from some Board Members and Executive Director: AR, IN**

\_\_\_ **Input from all Board Members: AK, PR, RI**

\_\_\_ **Input from some Board Members: SC**

**Other (please explain):**

**Illinois Dept. of Financial and Professional Reg. – Liaison to Public Accountant  
Registration Committee Legal Counsel  
MI – Department Staff**

10.13.10

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<sup>i</sup> **And Deputy Director**

<sup>ii</sup> **and Board Administrator**

<sup>iii</sup> **by Board direction**

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

**MEMORANDUM**

November 4, 2010

**To:** State Board Chairs and Executive Directors  
**From:** Kenneth R. Odom - Chair, Committee on Relations with Member Boards  
**Re:** Focus Questions

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As this year's Chair of the Committee on Relations with Member Boards, I would like to thank you for your participation at NASBA's Annual Meeting and your assistance with our past Focus Questions. Your continued input helps keep NASBA an organization that responds to its member boards.

When budgets are drafted, I hope you will support your Board's Executive Director's and Legal Counsel's attending NASBA's meetings for them in March in San Diego, CA. In the meantime, please do not hesitate to call your Regional Director to discuss the following questions or any other issues you feel NASBA should consider. We want to hear from you.

Sincerely,

*Ken Odom*

**Central Director** – Telford A. Lodden Fax: (515) 223-8778 Phone: (515) 223-7300  
tal@brookslodden.com

*Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota*

**Great Lakes Director** – Kim Tredinnick Fax: (608) 249-1411 Phone: (608) 240-2318  
ktredinnick@virchowkrause.com

*Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin*

**Middle Atlantic Director** – Miley ("Bucky") W. Glover Fax: (704) 283-3439 Phone: (704) 283-8189

bglover@gotopotter.com

*DC, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia*

**Mountain Director** – Karen F. Turner Phone: (970) 351-1216  
karen.turner@unco.edu

*Colorado, Idaho, Montana, Nevada, Utah, Wyoming*

**Northeast Director** – Jefferson Chickering Phone: (603) 620-1961  
jeffchickering@msn.com

*Conn., Maine, Mass., New Hampshire, New Jersey, New York, Rhode Island, Vermont*

**Pacific Director** – Laurie J. Tish Fax: (206)622-9975 Phone: (206)302-6466  
laurie.tish@mossadams.com

*Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington*

**Southeast Director** – Kenneth R. Odom Fax: (334) 222-9125 Phone: (334) 222-4101  
kodom@ro-cpa.com

*Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands*

**Southwest Director** – Janice L. Gray Fax: (405) 364-3771 Phone: (405) 360-360-5533  
ext.103

janiceg@cpagray.com

*Arkansas, Louisiana, New Mexico, Oklahoma, Texas*



## REGIONAL DIRECTORS' FOCUS QUESTIONS

*The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by December 23, 2010. Use additional sheets for your responses if needed.*

**JURISDICTION** \_\_\_\_\_ **DATE** \_\_\_\_\_  
**NAME OF PERSON SUBMITTING FORM** \_\_\_\_\_

**1. Has your Board had to deal with any discipline cases stemming from a licensee's performance of an audit at a loss? (As described in the NASBA Ethics Committee's paper on "Audit Fees and Engagement Profitability.") Please explain.**

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**2. Does your Board have any concerns/questions about how the international administration of the Uniform CPA Examination will impact your state? Please detail.**

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**3. Does your Board consider itself to be semi-autonomous? If not, what steps is your Board taking to have more control of its resources to fulfill its responsibilities?**

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**4. (a) Please describe any peer review transparency problems your Board has encountered. (b) Has your Board established a Peer Review Oversight Committee?**

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JURISDICTION \_\_\_\_\_ DATE \_\_\_\_\_  
NAME OF PERSON SUBMITTING FORM \_\_\_\_\_

**5. Has your Board encountered any problems with which NASBA's Enforcement Committee could assist?**

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**6. Is there an issue your Board believes NASBA should give special attention?**

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

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

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

Other (please explain):