



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**

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**South Dakota Board of Accountancy
Minutes of Meeting
Department of Legislative Audit
Pierre, South Dakota
May 12, 2009**

The Board of Accountancy held a meeting at the Department of Legislative Audit in Pierre, SD on Tuesday, May 12, 2009. Chair David Olson called the meeting to order at 8:34 a.m.

The following members were present: Marty Guindon, John Linn, Jr., John Mitchell, Holly Brunick, and John Peterson. A quorum was present.

Also present were Nicole Olson Kasin, Executive Director; Sherri Sundem Wald, Legal Counsel; and Tricia Nussbaum, Secretary.

Chair David Olson asked if there were any additions to the agenda. The following items were added to the agenda:

Additions to Firm Permits
Additions to Financial Statements
Report to Board on Candidates Education
Additions to Peer Review

A motion was made by John Linn, Jr. and seconded by John Mitchell to approve the April 6, 2009, meeting minutes. The motion unanimously carried.

A motion was made by Holly Brunick and seconded by John Mitchell to approve the issuance of individual certificates and firm permits through May 11, 2009. The motion unanimously carried.

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the financial statements through April 30, 2009. The motion unanimously carried.

The Board discussed a candidate's request for approval of two hours of coursework in Estate and Gift Tax to be considered as educational credits towards their required accounting credit hours.

A motion was made by Holly Brunick and seconded by John Mitchell to approve the two hours of coursework to count towards the requesting candidate's required accounting credit hours. The motion unanimously carried.

The Board discussed a candidate's inquiry about teaching at a university and would like to be able to use the hours of prep time for classes to be applied towards the 2000 hours of experience to qualify for the CPA certificate. The candidate provided a breakdown of hours and explanation.

Upon review of the hours and explanation, the Board agreed that the hours were within the scope of SDCL 36-20B-21.

**Board Meeting
May 12, 2009**

The Board reviewed a candidate's request for an extension on their expired AUD passing grade. The candidate obtained conditional status and then was informed of their orders for active duty to Iraq. The candidate was released from active duty and will begin sitting for the CPA exam again.

A motion was made by John Peterson and seconded by John Linn, Jr. to approve the candidate's request for an extension of their expired AUD passing grade for the duration of receiving the orders, deployment, and debriefing. The motion unanimously carried.

The Board reviewed a candidate who requested an extension for their NTS. This individual was scheduled to sit for the BEC exam. They were scheduled to complete their exam before the NTS expired however, their mother passed away and they are the executor of the will. The individual requested a six month extension.

A motion was made by John Peterson and seconded by Holly Brunick to approve the candidate's request for an extension for their expired NTS for six months. The motion unanimously carried.

A motion was made by John Linn, Jr. and seconded by John Mitchell to approve the CPA Exam grades for the 20th CPA Exam window through March 2009. The motion unanimously carried.

Todd Kolden entered the meeting at 9:36 a.m.

Nicole Olson-Kasin discussed the progress of the BIT Online Licensing. One issue was with e-payment not having been included in the original bid and an estimated 240 hours would be required to include e-payment and the new mobility changes that were not originally a factor, into the project. The database will now be stored on the state server and the staff will log on thru the citrix to access the database. The Board asked that staff ensures adequate performance of the new software before they sign on it being complete. Todd Kolden commented that the project is 70% complete and should be ready by June 15th.

The Board evaluated the Records Retention Policy; no concerns were made with the current policy.

Dick Flemmer and Lyle Harter, both with DOL, entered the meeting at 9:58 a.m.

Mr. Flemmer discussed the audit findings and commented on the internal controls of the Board staff. He was concerned with a potential problem on the internal control deficiency found in the audit and it being a possible conflict for GOAC. The Board discussed with Mr. Flemmer that they accept the risk on the lack of segregation of duties and with the auditor completing the audited year end financial statements. The Board recognizes the material weakness of lack of segregation of duties but, it is not feasible to segregate the duties further or hire more staff, so they accept that risk. The Board noted that they collectively review the financial statements each month and accept the risk of the auditor preparing the year end statements for the audit.

Dick Flemmer, Lyle Harter, and Todd Kolden left the meeting at 10:50 a.m.

The Board discussed the AICPA's White Paper on CPA Firm Names. The Board was interested in the difference in a network name verses and association name. It was noted that name changes of small firms with large firms helps key clients to know that the small firms have depth, which may pertain to the marketing of a firm.

The Board reviewed NASBA's Nominating Committee requests: NE Nomination Support of Ted Lodden, Central Region Director; MN Nomination of Michael Vekich, Central Region Director; WA Nomination of Laurie J. Tish, Pacific Region Director; IA Nomination of Robert Pearson, Director at Large; and KS Nomination of E. Kent Smoll, Director at Large.

A motion was made by John Peterson and seconded by John Mitchell to authorize Holly Brunick to be the voting delegate for South Dakota at the NASBA Regional Meeting in Oklahoma City, O.K. The motion unanimously carried.

The Board discussed the NASBA CPA Licensing Examinations Committee request. Board member, John Peterson who serves on this committee confirmed they need additional help and recommended Sarah Schmidt, a current faculty member at Northern State University in Aberdeen, SD. The Board agreed and will forward the recommendation to the CPA Licensing Examinations Committee.

The Board reviewed the following information from NASBA: the Board of Director's Meeting Minutes 1-16-09; the Board of Director's Meeting Highlights 4-24-09; and the Regional Directors' Focus Questions for January 2009.

A motion was made by John Mitchell and seconded by Holly Brunick to enter into executive session for the purpose of discussing peer review and complaints. The motion unanimously carried.

The Board came out of executive session.

A motion was made by Holly Brunick and seconded by John Mitchell to accept the peer reviews as discussed in executive session. The motion unanimously carried.

The Board took lunch from 11:50 a.m. to 12:50 p.m.

Chair David Olson called the meeting back to order at 1:07 p.m.

Those present were: Marty Guindon, John Linn, Jr., John Mitchell, Holly Brunick, John Peterson, Nicole Olson Kasin, Sherri Sundem Wald, Tricia Nussbaum, Todd Kolden and Laura Coome, SD CPA Society Executive Director.

A motion was made by John Peterson and seconded by Marty Guindon to begin the Public Rules Hearing. The motion unanimously carried.

Chairman Olson gave an overview of rule 20:75:01:01 Definitions; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:01:07 Discretion to waive certain requirements; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:02:13 Non-accredited institutions; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:02:18 expiration of conditional credit for candidates accepted under educational requirement effective prior to January 1, 1998-Repealed; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:02:19 Transitional credit-Repealed; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:02 Non-renewal; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:03 Application for renewal of certificate--Fees; then opened the floor to public testimony. Public testimony was given by Laura Coome,

she was concerned with the rule, but confirmed that the discretion of the Board will have to waive fees as described in 20:75:01:07 satisfied her concern.

Chairman Olson gave an overview of rule 20:75:03:07 Display of certificate-Repealed; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:08 Application for firm permit—Renewal—Replacement--Fees; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:09 Display of firm permit-Repealed; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:10 Notification of firm changes; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:11 Definitions; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:12 Renewal of a South Dakota active certificate--Fees; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:13 Renewal of a South Dakota inactive certificate--Fees; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:14 Non-resident--Notification--Fees-Repealed; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:15 Substantial equivalency and reciprocity--Fees; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:03:16 Registration of a retired certificate--Fees; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:04:00 Definitions; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:04:01 Standards for continuing professional education program measurement; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:04:12 Continuing professional education requirement for nonresident certificate holder; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:00 Licensee definition; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:01 Independence; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:05 Auditing, accounting, and review standards; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:06 Accounting principles; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:07 Professional standards and conduct; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:08 Interpretations; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:05:17 Records retention; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:06:01 Modification of discipline; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:06:02 Reinstatement or reissuance of suspended or revoked certificate or permit, or practice privileges; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:07:01 Definitions; then opened the floor to public testimony. There was no public testimony on this rule.

Chairman Olson gave an overview of rule 20:75:07:08 Conduct of review--Location; then opened the floor to public testimony. There was no public testimony on this rule.

The Board further discussed rule 20:75:01:07, discretion to waive certain requirements, and the wording associated with other good cause. Nicole Olson-Kasin gave the comments from LRC. The Board discussed using substantial compliance instead of other good cause.

A motion was made by John Mitchell and seconded by Marty Guindon that the proposed rule amendments be adopted with the revisions that were discussed at this hearing. The motion unanimously carried.

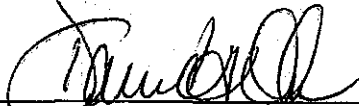
A motion was made by John Linn, Jr. and seconded by John Mitchell to close the public hearing at 2:40 p.m. The motion unanimously carried.

Future meeting dates were discussed and set as follows:


June 15 – 10:00 a.m. Conference Call
July 13 – 10:00 a.m. Conference Call
August 10 – 8:30 a.m. Sioux Falls, McGladrey & Pullen
September 14 – 9:00 a.m. Conference Call

A motion was made by John Mitchell and seconded by John Linn, Jr. to adjourn the meeting. The motion unanimously carried.

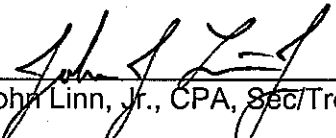
All business having come before the board was concluded and Chair David Olson adjourned the meeting at 3:15 p.m.



David G. Olson, CPA, Chair

Attest: 

Nicole Olson Kasin, Executive Director



John Linn, Jr., CPA, Sec/Treasurer