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Accounting Examining Board
Room 121A, 1400 E. Washington Avenue, Madison
Contact: Mojgan Hall - 608-266-2112
September 20, 2012

The following agenda describes the issues that the Board plans to consider at the meeting. At the time of the meeting, items may be removed from the agenda. Please consult the meeting minutes for a description of the actions and deliberations of the Board.

FULL BOARD MEETING
9:00 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

- A. Adoption of Agenda (1-4)**
- B. Approval of Minutes – June 27, 2012 (5-8)**
- C. Secretary Matters
- D. Executive Director Matters
- E. Presentation of Proposed Stipulations, Final Decisions and Orders by the Division of Enforcement including any received after printing of the agenda**
 - 1) 11 BAC 001 – James R. Stearns and Stearns CPA Solutions, Ltd.
 - a) Attorney: Laura Varriale
 - b) Case Advisor: Steven Corbeille
 - 2) 11 BAC 006 – James C. Thompson
 - a) Attorney: Laura Varriale
 - b) Case Advisor: Lucretia Mattson
- F. National Association of State Boards of Accountancy, Inc. (NASBA) (9-10)**
 - 1) Minutes from NASBA Board of Directors meeting - 1/20/12 (11-22)
 - 2) NASBA Quarterly Communications – 5/3/12 (23-24)
 - 3) Highlights of NASBA Board of Directors Meeting 4/27/12 (25-28)
 - 4) Executive Summary – Regional Director’s Focus Question Responses (29-30)
 - 5) NASBA Responses to Focus Questions – 1/29/12 – 4/4/12 (31-54)
 - 6) Review and Discuss August NASBA Focus Questions (55-58)
 - 7) Update from Great Lakes Regional Director, Kim Tredinnick (59-60)
- G. Board Discussion Items including any received after printing of agenda**
 - 1) Division of Enforcement Matters
 - 2) **Education and Examination Matters**
 - a. Review and Discuss CPA Exam Fee Changes (61-70)
 - b. Review the Candidate Care Report (71-76)

- 3) **Credentialing Matters**
 - a. Review and Discuss CPA History of Accreditation (77-78)
 - b. Review and Clarify Continuing Education Requirements for Reinstatement (79-80)
 - c. Update on Accountancy Licensee Database (ALD) (81-82)
- 4) Practice Question Matters
- 5) Legislation/Administrative Rule Matters
- 6) **Liaison/Committee Reports**
 - a. Discussion and Action Related to Delegating Authority to Board/ Department Liaisons (83-84)
 - b. Update on Assembly Bill 718 (85-86)
- 7) Speaking Engagement, Travel, Public Relation Requests

H. Informational Items

I. New Business

J. Public Comments

CONVENE TO CLOSED SESSION to deliberate on cases following hearing (s. 19.85(1) (a), Stats.; consider closing disciplinary investigation with administrative warning (s. 19.85(1)(b), Stats. and 440.205, Stats., to consider individual histories or disciplinary data (s. 19.85 (1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats.)

K. Deliberation of Proposed Stipulations, Final Decisions and Orders including any received after printing of the agenda

- 1) 11 ACC 001 – James R. Stearns and Stearns CPA Solutions, Ltd. (87-94)
 - a) Attorney: Laura Varriale
 - b) Case Advisor: Steven Corbeille
- 2) 11 ACC 006 – James C. Thompson (95-102)
 - a) Attorney: Laura Varriale
 - b) Case Advisor: Lucretia Mattson

L. Deliberation of other items including any received after printing of agenda

- 1) Case Closings
- 2) Case Status Report
- 3) Proposed Decisions
- 4) Summary Suspensions
- 5) Objections and Responses to Objections
- 6) Complaints
- 7) Administrative Warnings
- 8) Matters Relating to Costs
- 9) Monitoring Cases
- 10) Appearances from Requests Received or Renewed
- 11) **Examination Matters**
 - 1. NASBA Multi-Tester Reports: (103-120)
 - a) 4/27/2012 Report (105-112)
 - b) 8/10/2012 Report (113-120)
 - 2. Request for Extension of 18 Month Test Window for H.R. (121-124)
- 12) **Application Matters**
 - 1. Application Review (125-126)
- 13) Professional Assistance Program Cases
- 14) Motions

M. Consulting with Legal Counsel

RECONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION

N. Vote on Items Considered or Deliberated Upon in Closed Session, if Voting is Appropriate

O. Other Board Business

P. Next Meeting Date: November 29, 2012

ADJOURNMENT

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**ACCOUNTING EXAMINING BOARD
MEETING MINUTES
JUNE 27, 2012**

Present by Live Meeting: Lucretia Mattson, Karla Blair, Tom Kilkenny, Glenn Michaelsen, Kim Tredinnick and Marion Wozniak

Not Present: Steven Corbeille

Staff: Mojgan Hall, Bureau Director; Yolanda McGowan, Legal Counsel; Michelle Solem, Bureau Assistant; and other Department staff

Guests: Dennis Tomorsky, WICPA

Karla Blair, Board Chair, called the meeting to order at 9:09 a.m. A quorum of 6 members was confirmed.

ADOPTION OF AGENDA

Amendments

- K(11) – Examination Matters

MOTION: Tom Kilkenny moved, seconded by Lucretia Mattson, to adopt the agenda as amended. Motion carried unanimously.

APPROVAL OF MINUTES

MOTION: Glenn Michaelsen moved, seconded by Kim Tredinnick, to approve the minutes of April 24, 2012 as published. Motion carried unanimously.

EXECUTIVE DIRECTOR MATTERS

Mojgan Hall introduced herself to the Board.

**PRESENTATION OF PROPOSED STIPULATIONS, FINAL DECISIONS AND ORDERS
BY THE DIVISION OF ENFORCEMENT**

Attorney Varriale from the Division of Enforcement provided presentations related to the following Stipulation, Final Decision and Order:

1. 11 ACC 005 – Robert Jaques

BOARD DISCUSSION

1. **DIVISION OF ENFORCEMENT MATTERS**

- a. Discussion of DOE Policy Regarding Screening.

Chad Koplien provided the Board with an overview of the revised screening policy.

2. **EDUCATION AND EXAMINATION MATTERS**

- a. Review and Clarify Continuing Education Requirements for Reinstatement of CPA Licenses After a 5 Year Lapse

Yolanda McGowan indicated that the Board has latitude to set the requirements for reinstatement of a licensure after a 5 year lapse per Wisconsin Statutes. This requirement is less than they are able to require. Further discussion on this item was tabled.

3. **CREDENTIALING MATTERS**

- a. Discussion Related to Firm Licensure and Mobility

Yolanda McGowan indicated that as long as the firm is licensed in their local jurisdiction and the accountant is operating in Wisconsin on behalf of that firm, the citizens in

Wisconsin are adequately protected. She indicated that she would like to have this information included as an FAQ on the website.

MOTION: Kim Tredinnick moved, seconded by Tom Kilkenny, to authorize the posting of a Frequently Asked Question (FAQ) interpreting the mobility law as not requiring out of state firms to have a Wisconsin license and to authorize Tom Kilkenny to approve the final draft of the FAQ. Motion carried unanimously.

4. **LEGISLATION/ADMINISTRATIVE RULE MATTERS**

- a. Discussion Related to Legislative Change submitted by Globe University
Mojgan Hall reported that 2011 AB 718 failed to pass in the last legislative session. She also indicated that Globe University will be requesting that this bill be reintroduced in the next legislative session.

5. **SPEAKING ENGAGEMENT, TRAVEL, PUBLIC RELATIONS REQUESTS**

- a. NASBA Regional Meeting Report
Lucretia Mattson suggested that the Board have at least 1-2 people at each NASBA regional meeting. Her written report was included as part of the agenda packet.

NEW BUSINESS

Mojgan Hall indicated that the appointment process has changed and will no longer be automatic. If a member would like to continue on the Board, they will need to reapply. Tom Kilkenny asked that the answers to the focus questions be forwarded to each of the Board members.

PUBLIC COMMENTS

Dennis Tomorsky thanked the Board and the Staff for their good work.

CLOSED SESSION

MOTION: Marion Wozniak moved, seconded by Kim Tredinnick, to convene to closed session to deliberate on cases following hearing (s. 19.85(1) (a), Stats.; consider closing disciplinary investigation with administrative warning (s. 19.85(1)(b), Stats. and 440.205, Stats., to consider individual histories or disciplinary data (s. 19.85 (1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats.). Roll Call Vote: Lucretia Mattson - yes; Karla Blair - yes; Tom Kilkenny - yes; Glenn Michaelsen - yes; Kim Tredinnick - yes; Marion Wozniak - yes. Motion carried unanimously. Open session recessed at 10:31 a.m.

RECONVENE TO OPEN SESSION

MOTION: Lucretia Mattson moved, seconded by Marion Wozniak, to reconvene in open session at 10:46 a.m. Motion carried unanimously.

VOTING ON ITEMS CONSIDERED/DELIBERATED IN CLOSED SESSION

PROPOSED STIPULATIONS, FINAL DECISIONS AND ORDERS

MOTION: Kim Tredinnick moved, seconded by Lucretia Mattson, to adopt the Findings of Fact, Conclusions of Law, Stipulation and Order, in the matter of 11 ACC 005 – Robert Jaques. Motion carried unanimously.

CASE CLOSINGS

MOTION: Glenn Michaelsen moved, seconded by Tom Kilkenny, to close the following case according to the recommendation by the Division of Enforcement:
a. 12 ACC 001 (P2)

APPLICATION MATTERS

MOTION: Lucretia Mattson moved, seconded by Kim Tredinnick, to act upon the applications reviewed for today's meeting as noted in the application file.
Motion carried unanimously.

- | | |
|-----------------------------|-------------------------------|
| 1. Nathan D Allerheiligen | 23. Donald Peter Klein |
| 2. Stephen Robert Bant | 24. Alicia Glee Korth |
| 3. Tina Marie Beck | 25. Joyce D Krause |
| 4. Michael Patrick Beyer | 26. Joseph Emerson Maddox III |
| 5. Thomas Michael Chandek | 27. Nicholas L Malesevich |
| 6. Jessica M Christianson | 28. Jordan Wallace Munger |
| 7. Melissa A Colby | 29. Ashley Lynn Murrell |
| 8. Linda K Crass | 30. Holly Beth Pett |
| 9. Kayla Ann Dauphinais | 31. Bruce George Plante III |
| 10. Ryan C De Voe | 32. Ronald Leroy Rickey III |
| 11. Marc C Dobbertin | 33. Brian Michael Sadowski |
| 12. Kyle J Everard | 34. Logan Kalay Sathasivam |
| 13. Stephanie Jane Fischer | 35. Alex C Serdynski |
| 14. Marilyn Beth Getlinger | 36. Melissa Suzanne Smith |
| 15. Andrew Thomas Hartinger | 37. Jeffrey Peter Spielmann |
| 16. Dianne Rae Hickok | 38. Malinda L Sveom |
| 17. Amanda Lynn Horness | 39. Paul Thomas Swiderski |
| 18. Jung Il Jang | 40. Troy Peter Van Beek |
| 19. Daniel Thomas Jensen | 41. Amy Elizabeth Vogt |
| 20. Kevin Wendt Jolivette | 42. Andrew J Wolfe |
| 21. Brett Matthew Killion | 43. Jing Wu |
| 22. Cheri Kay King | 44. Rebecca Lyn Zuhlke |

Karla Blair gave authorization to Mojgan Hall to sign Board documents for today's meeting on her behalf. Yolanda McGowan indicated that she reviewed the statutes and noted that the Board does not have statutory authority to impose forfeitures but can require the payment of costs.

ADJOURNMENT

MOTION: Tom Kilkenny moved, seconded by Kim Tredinnick, to adjourn the meeting at 10:51 a.m. Motion carried unanimously.

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National Association of State Boards of Accountancy, Inc.

**Meeting of the Board of Directors
January 20, 2012 – Key West, FL**

1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Mark Harris at 9:05 a.m. on Friday, January 20, 2012 at the Marriott Key West Beachside Hotel in Key West, Florida.

2. Report of Attendance

President Ken Bishop reported the following were present:

Officers

Mark P. Harris, CPA (LA), Chair
Gaylen R. Hansen, CPA (CO), Vice Chair
Michael T. Daggett, CPA (AZ), Past Chair
E. Kent Smoll, CPA (KS), Treasurer, Director-at-Large
Kenneth R. Odom, CPA (AL), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)
Walter C. Davenport, CPA (NC)
Richard Isserman, CPA (NY)
Carlos E. Johnson, CPA (OK)
Theodore W. Long, Jr., CPA (OH)
Harry O. Parsons, CPA (NV)
Laurie J. Tish. CPA (WA)

Regional Directors

Jim Burkes, CPA (MS), Southeast
Jefferson Chickering, CPA (NH), Northeast
Janice Gray, CPA (OK), Southwest
Bucky Glover, CPA (NC), Middle Atlantic
Raymond Johnson, CPA (OR), Pacific
Telford A. Lodden, CPA (IA), Central
Karen F. Turner, CPA (CO), Mountain
Kim Tredinnick, CPA (WI), Great Lakes

Executive Directors' Liaison

Pamela Ives Hill, CPA (MO)

Staff

Ken L. Bishop, President and Chief Executive Officer

Colleen Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Ed Barnicott, Vice President of Strategic Planning and Program Development
Louise Dratler Haberman, Director - Information and Research
Thomas G. Kenny, Director – Communications
Noel L. Allen, Esq., Legal Counsel

3. Approval of Minutes

NASBA Secretary Odom presented the minutes of the October 2011 meeting. On a motion by Mr. Isserman seconded by Mr. Lodden, the minutes of the October NASBA Board of Directors' meeting were approved with corrections.

Based upon the minutes of the October meeting, Mr. Glover asked if the Center for the Public Trust is tied to a NASBA committee in some way. Mr. Bishop replied that he is the CEO of the CPT, and therefore holds the ultimate financial authority. Mr. Glover asked if the NASBA Board had any responsibility to the CPT. Chair Harris explained that the CPT Board has included NASBA Board members since its founding. In recent years, CPT's operations have become more independent of NASBA, as the CPT Board and management were given the mandate to manage their own budget, which, in addition to other outside support sources, includes a fixed level of funding approved by the NASBA Board.

4. Report of the Chair

Chair Harris reported the Executive Committee had discussed NASBA's restructuring and the Financial Accounting Foundation's roundtables, the first of which had been held in Atlanta that week. Chair Harris said he, Mr. Bishop and Past President David A. Costello had met with the FAF's John Brennan and Teresa Polley to express NASBA's interest in being involved in membership in the oversight council the FAF is developing and participation in the roundtables being planned. Mr. Hansen will be at the next roundtable in Dallas. Maryland Board Member Elizabeth Gantnier, Central Regional Director Ted Lodden and Past Chair Billy Atkinson will be participating in other future roundtables.

Vice Chair Hansen reported he and Ms. Conrad had met with Ms. Polley and FASB Chair Leslie Seidman in early December and they were very complimentary of NASBA's support for the FASB. They invited NASBA representatives to come to Connecticut to see the FASB's operations.

Chair Harris said he had attended a meeting of the Global Strategies Committee and the Ohio Board's retreat. He had also visited NASBA's Nashville office and reported that the people appeared "very comfortable" with the transition to Mr. Bishop's presidency. Chair Harris reported he attended the Administration and Finance Committee's meeting and the new NASBA Board member orientation session, the Executive Committee's meeting and the Relations with Member Boards Committee's meeting.

A new vetting procedure for NASBA response letters has been brought forward, Chair Harris explained. This brings the process back to the member Boards through their elected representatives. He distributed a flowchart detailing the new vetting process along with a letter approved via this process. That letter is being sent to Congress in support of the PCAOB transparency legislation in the House and Senate.

A summit meeting for NASBA and AICPA leadership is scheduled for February 6-7, 2012. NASBA representatives will include Messrs. Harris, Bishop, Bryant, Daggett, Hansen, and Kenny and Ms. Conrad and Haberman.

5. Report of the President

President Bishop reported that his first action upon beginning his term as president over the past few weeks was to make an assessment of the organization, institute some changes through “transitioning, restructuring and reorganizing” and then to stabilize as quickly as possible. He said he was very pleased with his decision to bring on Colleen Conrad as NASBA’s Executive Vice President and COO, as she has done a magnificent job. He explained that he had promoted Michael Bryant into the Senior Vice President and CFO position in recognition of the increased role and responsibilities he has been given and of the great job he did in managing the sale of Professional Credential Services, NASBA’s former wholly owned subsidiary. Mr. Bishop said he hired Daniel Dustin as Vice President – State Board Relations, to reach out as an ombudsman for the State Boards, to see what Board needs NASBA has not been meeting. Mr. Dustin is performing an objective evaluation of all Boards to develop a grid showing their comparative nexus to NASBA. He will first focus his attention on those Boards evidencing the weakest connections to the association.

A change in direction for CPE tracking, as well as the sale of PCS resulted in a need to reduce the number of staff in the areas of IT and Project Management. The staff reduction was successfully implemented with no disruption to any critical business or operational functions. The staff reductions provided the opening of a space that created an opportunity for improving staff placement and increasing efficiency. As an example, the Examinations division and IT group had been spread over two floors. With the reorganization, they are being relocated so that the Examinations team will all be on the seventh floor and the IT staff will all be on the eighth floor. A new staff performance evaluation system is being studied and hopefully will be completed in March.

Mr. Bishop said he believes in the “Fish” philosophy of supporting a fun working environment, but he also wants to ramp up accountability. He is exploring ways to give staff members an opportunity to work outside their normal job functions so their other skills can be assessed and utilized. Mr. Bishop quoted Dr. Norman Vincent Peale: “Change your thoughts and you change your world.” He explained that he wants to promote an atmosphere that allows employees to think outside the box.

Ed Barnicott, having been promoted to Vice President-Strategic Planning & Program Management will play key roles in improving NASBA’s processes and capability, Mr. Bishop said. For each Board of Directors meeting, Mr. Bishop intends to invite a different NASBA staff director to report on the activity of his or her area. Mr. Barnicott will be the first of those to make such a presentation at this meeting.

A legislative support person will be added to the staff in the first half of 2012, Mr. Bishop told the Board. He emphasized that he is working to have NASBA focus on the “back to our roots” initiative centered on its mission and relationships with State Boards of Accountancy in all it does. He acknowledged that the entrepreneurial spirit is important to the NASBA Board, and he said that new business will be explored, but that he would make sure that market analysis and due diligence was done before getting into any line of business.

President Bishop called on Ms. Conrad to report on NASBA’s operations.

Ms. Conrad reported NASBA had started two initiatives: Candidate Performance Data Products and the Foreign Education Evaluation Service. James Suh and the TAQ (Training, Analytics & Quality) group have reinvented the candidate statistics report so that it can come out more frequently and the information sliced in different ways to focus on what the client is looking for.

The Foreign Education Evaluation Service is something the State Boards have been looking for as candidates now need to wait 6-8 weeks to have their transcripts evaluated. NASBA has developed a business plan for the Service and an offer has gone out for a senior credentials person. Ms. Conrad said NASBA will be moving forward on this project too.

The NASBA CPE Sponsor Registry was the only accrediting organization approved by the IRS for continuing education courses for its registered tax preparers. This is a great value to Registry sponsors right now, Ms. Conrad said. Mr. Bishop said that could mean 400,000 extra customers for members of the Registry.

In January 2012 NASBA started rendering licensing services to New Hampshire, Ms. Conrad said. There are 23 states fully participating in CPAverify and 20 more are getting ready to do so, she reported. Forty-eight states are participating in mobility, with California, Hawaii and the territories in the works. Over 99 percent of the CPA candidates are applying on line to take the Examination. All states, whether or not they are CPAES customers, have been given the option of having scores reported directly to candidates. Candidates can now take the Uniform CPA Examination in Brazil, including candidates from Argentina, Venezuela, and Colombia, and candidates from Yemen can use the testing sites in the Middle East.

Mr. Bishop announced that Alfonso Alexander had been named president of the Center for the Public Trust and Mr. Bishop will serve as CEO, so there is a nexus to the NASBA Board and ultimate financial responsibility. The CPT is exploring ways to improve its financial position. Mr. Alexander is developing strategies and meeting with some potential donors to help make this happen.

The NASBA staff's morale remains high, through changes associated with reorganization including the staff reductions, President Bishop reported. He had held a companywide meeting at the Nashville Library to review with all staff members the changes and expectations going forward. With the restructuring, build outs in the Nashville office space, and other expenses, NASBA is still meeting or exceeding its budget numbers, Mr. Bishop said. Mr. Glover asked how CPT plans to break out to get national recognition. Mr. Bishop replied that he would have Mr. Alexander come to the April meeting and tell the Board about the things he and his staff are doing.

Asked about the new foreign evaluator position, Mr. Bishop said the hire will take place soon but the promotion of the service will be implemented gradually, taking care not to bring in candidates quicker than the new service can do a good job.

6. Report from VP Strategic Planning and Program Management

Vice President Barnicott outlined his priorities for 2012 as directed by President Bishop. In the area of strategic planning they include: implement a broad-based strategic planning process; strengthen committee work; and improve issue management processes to ensure the resulting responses reflect the views of volunteer leadership. In the program management area, they are: develop enterprise program tracking; increase the value of the Project Management Office; and support business unit initiatives.

There will be a regular evaluation cycle that keeps NASBA focused on its core mission by constantly making course corrections as needed, Vice President Barnicott explained. He will step in to strengthen committee work when requested. Committees' work will be coordinated and support tools, such as GotoMeeting and Sharepoint, will be utilized in conjunction with conference calls.

Through enterprise program tracking, Mr. Barnicott said a snapshot of NASBA's operations can be presented to President Bishop, to enable him to easily see where he should be focusing his attention. The Program Management Office will guide projects, as they support committees and business unit initiatives. Mr. Barnicott's assistance with the Ethics Committee, Global Strategies Committee, Enforcement Resources Committee and CPT Board were praised by the NASBA Board members. Chair Harris suggested Mr. Barnicott's services could also be offered to State Boards as a resource.

7. Report of the Administration and Finance Committee

Treasurer Smoll reported the A&F Committee had met on January 19 and decided to retain its current committee charge. He called on Michael Bryant, CFO and Senior Vice President, to guide the group through the financial report in the Board's packet. Mr. Bryant reported on the two PCS Board of Directors meetings he had attended as NASBA's representative since the prior year's sale. One minor variance from budget related to the projected earnings from the 20 percent equity investment in its former wholly owned subsidiary. No provision in the budget was made for NASBA's share of earnings or loss from the PCS investment due to the timing of the sale, June 15, 2011, and the timing of the budget presentation in July. As for NASBA, although there has been some softness in the Uniform CPA Examination's sections this year, projections are expected to hold up partially because IQEX's volume has been higher than anticipated. Treasurer Smoll noted that the severance costs related to the restructuring had all been booked, and it is anticipated they will be recovered by the end of the year. Overall, Mr. Bryant summarized NASBA and CPT are projected to end the year with operational results that are very close to budgeted amounts.

The consolidation and reorganization of the Nashville office is on track from a timing standpoint, but additional capital expenditures above budget of \$65,000 are anticipated, Mr. Bryant said. He elaborated further by stating that the changes to improved efficiency through consolidating operations and leveraging the space availability related to the IT restructuring were the reason and, of course, the budget presented at the July 2011 meeting could not have anticipated these events. An eight-year lease for the New York City office has been signed including the addition of 670 feet of space for a conference room. Lease rates over the term remain the same per square foot, Mr. Bryant reported. Although some additional tenant improvement dollars were negotiated, there is a projected capital budget shortfall of approximately \$10,000. President Bishop explained that the additional space will enable NASBA to accommodate representatives of non-US bodies who want to meet with NASBA while they are in New York. Another increase of approximately \$30,000 to the capital budget, Mr. Bryant reported, is the acquisition of a library of materials on which to build NASBA's foreign transcript evaluation service.

The Investment Committee of the A&F Committee had met with adviser Jim Meek on January 18, Mr. Smoll reported. Although the November 30 financial statements showed an investment loss of over \$700,000, as of the preceding Wednesday, the loss as of the Board of

Directors' meeting date was \$300.000. The investment adviser, Mr. Meek, has tilted NASBA's portfolio to get it into the position he thinks it needs to be, anticipating weaker than previously expected corporate earnings for 2012. Mr. Smoll said the investment committee is monitoring Mr. Meek's decisions under the new discretionary investment model and Mr. Meek will address the Investment and A&F Committees at the April meeting.

Mr. Bryant asked all the Board members to sign the NASBA conflict of interest statement and to return it to him. Mr. Odom made a resolution to have Mr. Bishop replace David Costello, former NASBA president, as trustee for the NASBA 401 K plan. Mr. Daggett seconded and all approved.

8. Report of the Continuing Professional Education Advisory Committee

Committee Chair Lodden reported the task force on the revision of the CPE sponsor standards had met four times since the NASBA Board last met. They looked at hundreds of pages of comments to the exposure draft, which resulted in some clarifications of the proposed standards as well as some wordsmithing. The NASBA CPE Committee met and approved these changes and then two meetings were held with the AICPA. The resulting standards were voted on and approved by the AICPA Board of Directors.

The new standards make it clear that sponsors who want to grant a half credit for 25 minutes of program instruction need to check with the state where the program is offered to see if that is acceptable. Other added standards include guidance on when a course is purchased from another developer and using a word count method to calculate the credit to be awarded for a course. The joint CPE Task Force has recommended the implementation date for group study be July 1, 2012 and for self-study in development as of July 31, 2012 the implementation date be March 1, 2014. On a motion by Mr. Lodden, seconded by Mr. Burkes, the standards were approved with the implementation dates as recommended by the joint task force. Mr. Lodden said a press release will be sent out and most of the sponsors already have the new standards.

9. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Carlos Johnson reported the issue of foreign auditors, who are not licensed in a state coming in and reporting on companies that are supposed to have their home office in that state, has become the subject of many discussions of a UAA Task Force. Questions about what is the nexus of the company to the state have been raised. A proposal was made that a Model Rule be drafted to state that the principal office's location identified in the SEC's 10K should be the determinant. Some of the task force members see a problem with this simple rule and its unintended consequences are being considered with the assistance of legal counsel. After this is resolved, the UAA Committee will consider how to modify the UAA so that a foreign firm would be able to register with a state. Currently there is no pathway for this type of registration, Dr. Johnson said.

Mr. Allen said the SEC relies on the audit where they believe the audit firm is qualified to render the report. This was narrowed down to being in just one place – the principal executive office. The SEC is changing their templates to make it simpler for firms to determine where they need to be registered. They were looking at state registration and need cooperation from the State Boards.

The aim is to get some language that all the Boards can adopt, Mr. Bishop observed. Nevada and Washington have asked the Texas Board for the list of companies they have identified as practicing without a license and the successful cease and desist order that the Texas Board has used.

Committee Chair Johnson said the UAA Task Force on the definition of “attest” has been put on hold until additional guidance from AICPA and NASBA leadership is received. Dr. Johnson said he expects to have a broadened definition of “attest” ready for discussion at the Annual Meeting.

10. Report of the Global Strategies Committee

Committee Chair Tish showed the Board a video designed to advertise the Fifth International Accounting Regulators Forum, to begin on October 30, 2012, the Wednesday morning of the NASBA Annual Meeting in Orlando, FL. International issues of interest to all at the Annual Meeting will be presented during that morning and then the afternoon sessions will be for registered Forum attendees.

The Committee held a meeting to develop its goals and action steps and was assisted by Ed Barnicott in that effort, Chair Tish reported. The committee now has three main task forces: one focused on technical issues and monitoring international issues; another to develop the International Forum; and a third on communication and education.

Ms. Tish said the Global Strategies Committee wants to work with the Regulatory Response Committee when international exposure drafts are being considered.

11. Report from the Education Committee

Education Committee Chair Turner reported the request for proposals for the coming year’s NASBA education research grant will be issued shortly. Reports on this year’s grants are due on February 14, 2012. The Education Committee is talking about NASBA becoming a source of research data. Dr. Turner is monitoring the work of the American Accounting Association’s Pathways Commission, which is expected to release its draft report in February.

Mr. Hansen asked about how the research grant recipients were selected. Dr. Turner responded there are established criteria and a three-member subcommittee uses those to determine if the research is doable and if the results of the research will be usable by State Boards. Dr. Ray Johnson asked if topics for the research were suggested. Dr. Turner said that on-line there are some suggestions of topics the Education Committee would like to know about, but they do not want to get too many proposals on the same topic.

12. Report of the Regulatory Response Committee

Committee Chair Isserman reviewed the letter NASBA sent to the PCAOB opposing the proposed mandatory rotation of audit firms. The Committee worked with the Ethics Committee on NASBA’s letter to Congress supporting greater transparency of the PCAOB’s disciplinary procedures when they determine an investigation should be pursued.

Mr. Isserman said he had been asked if he thought NASBA should comment on the newly revised COSO report but he did not think there is a regulatory issue to be considered in this document, which is focused on management concerns.

13. Report of the CBT Examination Administration Committee

CBT Examination Administration Committee Chair Davenport reported the committee will meet on February 16, 2012 in Nashville. Among the topics they will be considering are: individuals who retest multiple times, score reporting and international examination administration.

14. Report of the Committee on Relations with Member Boards

Committee Chair Lodden reported the committee had discussed what is happening in their Regions, agendas for the 2012 Regional Meetings and New Board Member Orientation Program, NASBA's formal response process and the letter prepared for Congress about the PCAOB's transparency. The Committee believes its charge needs to be rewritten to indicate it serves as a resource for State Boards and, as elected representatives of the State Boards, the Regional Directors are ready to vet NASBA responses on key issues as described in the new procedure.

The Committee is eager to speak with Vice President Dan Dustin about how his role will coordinate with the Committee's efforts. Comments raised in the Regional Directors' Focus Questions need to be responded to by NASBA. President Bishop suggested that the Committee meet with Vice President Dustin after he has finished working through his process for interaction with the Boards.

Committee Chair Lodden said the Committee believes the strategic direction of NASBA, not just globally but also as an organization, should be the theme of the June Regional Meetings. It was suggested that model sample reports to legislators be worked into the breakout sessions, perhaps during the Communications breakout.

15. Report of the Committee on State Board Relevance and Effectiveness

Committee Chair Glover reported surveys had been sent out to assess the current independence status of the State Boards and to measure the State Board/State Society level of communication. Forty-one Boards responded on the independence survey and over 30 states' responses have been received on the communications survey. The communications survey, which went to both state board executive directors and volunteer leaders as well as state society executive directors and volunteer leaders, evidenced some disparity in their assessment of the communications level, Mr. Glover observed.

Mr. Glover said the committee is developing a model Board budget and a brochure each state can use to report on its enforcement activities to legislators.

The Committee has been holding conference calls and a face-to-face meeting is planned for May 10, 2012 in Dallas. The Committee is also anxious to know how they can assist Vice President Dustin. Mr. Glover reported the move to bring the Tennessee Board of Accountancy under an umbrella organization had surprised the Committee. President Bishop said the Tennessee Board had been told that NASBA was ready to help them in any way they can.

16. Report of the Communications Committee

Committee Chair Chickering reported the Committee had held a conference call in November and an in-person meeting in December. Chair Harris' challenge to the Committee had been to look at the NASBA meetings. Mr. Chickering said the committee members are looking at playing devil's advocate as they review current meetings.

There are three subcommittees: social media, meetings and conferences, and NASBA awareness. Mr. Chickering said the Committee is talking about finding ways to get to new State Board members, including those who do not attend NASBA meetings. Mr. Kenny has suggested a generic newsletter to go to all small states that they could tailor to their individual state's needs.

Mr. Burkett explained his subcommittee is trying to add spark to NASBA's meetings. This could be via a keynote speaker, more promotion, more breakout sessions, etc. Perhaps even have assigned seating at a luncheon. The subcommittee wants all the State Board members to know what NASBA can do for their states and the subcommittee will probably come up with some new suggestions, Mr. Burkett said. The subcommittee will hold a conference call during the week of January 23.

President Bishop said more needs to be done to coach the speakers to make better presentations. They should be using a teleprompter to help them be more polished. When people are videotaped several times, they can gain confidence through viewing their mistakes. Mr. Hansen said that when he was on an AICPA SEC Conference panel, he was given a five-page memorandum on how to prepare, stating what areas were out-of-bounds, what font sizes to use on slides, what colors, etc.

17. Report of the Ethics and Professional Issues Committee

Committee Chair Ray Johnson said the Committee had held several joint calls with the Regulatory Response Committee. The AICPA will be introducing its new codification of ethics standards, he reported. States are different in how they refer to the code of professional conduct: some do it in rules and some in statute. The Ethics Committee will try to get the codification on the Boards' radar screens to ensure they are aligned. This will be ongoing for a while.

Continuing from last year, an Ethics Committee subcommittee is looking at best practices for learning professional ethics and how that interacts with state CPE requirements. The Ethics Committee is finalizing a comment on the International Ethics Standards Board's proposal on independence violations and the AICPA Professional Ethics Executive Committee's proposal on client records.

As for the strategic issues being considered, some of the other NASBA committees are already looking at them, including inactive CPA status, CPAs in industry, investigator training and international issues, Dr. Johnson said. The Committee is also interested in how the State Boards interact with other regulators and how the regulators report back to the State Boards.

18. Enforcement Resources Committee

Committee Chair Parsons announced there is no more "enforcement manual": There is now an "enforcement resource guide." Mr. Parsons praised the editing being done on the guide by Noel and Brie Allen. The final cleanup of the guide will be handled by the NASBA communications department. The Committee held a conference call in January, will hold

another call in February and then the guide will be presented at the Executive Directors Conference for their review. Mr. Parsons said he hopes to present the guide to the NASBA Board in April. The Committee would like to include generic forms for interviews, complaints, investigations, etc. Currently the guide contains 40 pages of narrative and 40-50 pages of appendices that are actual forms from different states.

Mr. Parsons said the FBI may work with the Committee on developing its investigator training for white collar crime. A meeting with the FBI is being arranged. The Committee has also been asking the State Boards if they want investigator/specialists, and would they pay for those specialists or ask NASBA to pay, then have the reports go back to NASBA.

Linda Biek and Larry Gray have been successful in moving the government agency referral program forward. They have been working with the SEC to strengthen communications with the State Boards.

19. Report of the Executive Directors Committee

Committee Chair Hill reported the Committee held a conference call on January 13 and another call will be held prior to the Executive Directors' Conference in March. She outlined the conference's program, which will include: Viki Windfeldt discussing the enforcement resource guide, Mr. Glover covering the work of the State Board Relevance and Effectiveness Committee, Bill Treacy explaining the foreign auditor problem, Larry Gray describing the IRS PTIN program, Pamela Ivey outlining a customer service program she developed and Senior Vice President Bryant describing the FISH program.

20. Report of the Compliance Assurance Committee

Committee Chair Gray reported the Committee had held one conference call and another will be scheduled. The California Board had asked the committee for a letter describing NASBA's oversight of the National Peer Review Committee and that letter is being drafted by Ron Zunich. The Compliance Assurance Committee will try to make that an annual report. Another meeting with the AICPA Peer Review Committee is expected in early 2013.

Currently 25 firms require peer review team captain rotation and the AICPA asked NASBA to support the elimination of that requirement. Ms. Gray said her Committee had agreed with that request but said it needs to go through the NASBA approval process. Ms. Gray was asked why the NPRC wants to eliminate the team captain rotation requirement. She explained the team captain is more an administrator than an oversight person; he or she does not actually do the reviews. Mr. Daggett asked, "Couldn't the same independence argument for rotation of engagement partners be presented?"

Ms. Gray said the Committee had not been asked for anything in writing, but the Committee had unanimously decided not to oppose the change in the requirement. They see the team captain as the person who is just orchestrating the review. The Peer Review Committee was to consider this issue during their meeting January 19-20. Mr. Tredinnick said such a change would require the standards to be re-exposed.

Mr. Hansen said he would not get rid of the rotation requirement because a new face and new mind are needed. In the peer review world, when the same people do the same reviews they become buddies with the firms, Mr. Hansen observed. He said that is why peer reviews are not as strong as the PCAOB's firm inspections. Ms. Gray said that, in that case, perhaps even

smaller firms should require this type of rotation. There are safeguards built into the standards that came into effect in January 2011, she said.

Mr. Chickering asked Ms. Gray about the small states' request for the development of a multi-state peer review oversight committee. Ms. Gray agreed that the Northeast would be an ideal area for them to bring together a PROC. Mr. Glover asked if NASBA could do that and President Bishop said the staff would look into it. Mr. Parsons said it is being done in Nevada. Ms. Gray agreed that NASBA could assist with those states who wanted this. Chair Harris said the resources needed had to be considered and it might require a dedicated staff person. President Bishop said Vice President Dustin could determine what the real board need for this is.

Ms. Gray explained that a PROC matrix is being created that will help the Committee hone in on the states that are not getting things done.

21. Report of the Bylaws Committee

Committee Chair Burkes said the Committee had held one conference call and would have another in February or March. This year they have a clarification project on the agenda, including reorganization and re-numbering of the current NASBA Bylaws. They expect to present the re-numbering at the April Board meeting, but the reorganization may take longer. Discussions to continue from last year will be (1) term limits for standing and non-standing NASBA committees and (2) the need for a Board of Directors' policy manual.

Other items under discussion by the Bylaws Committee include: Nominating Committee issues, such as when should appropriate staff attend the Nominating Committee's meeting and the process for filling a vacancy on the Nominating Committee. Should the requirement that a Regional Director must have been at least a State Board member within the last six months be eliminated? Should there be term limits for Regional Directors and Directors-at-Large? Several Bylaws Committee members favored the creation of a compensation oversight committee. There were some members who felt the current voting process is outdated and that attendance at a meeting should not be required. Mr. Burkes said he did not expect the Committee to get to all of these items. He asked the Board members to send him any items the Nominating Committee needs to address.

Ms. Tish requested that more time on the agenda be allowed for the Bylaws Committee's report at the next Board meeting. Chair Harris observed that some topics on the Committee's list should be handled via policies and some by Bylaws. The Board of Directors will handle the policy issues. Mr. Isserman suggested a list of items under consideration by the Bylaws Committee should be presented to the Board because the Board may decide they should not be pursued. Chair Harris agreed.

Carlos Johnson noted a best practice for an organization of NASBA's size is to have a governance committee. He thought the Bylaws Committee should consider that idea.

22. Report on Accountancy Licensing Database

ALD Committee member Mr. Odom reported the ALD Committee had held a conference call in December and now has five "strike forces" working. They will meet at the March Executive Directors Conference. The Florida Board is expected to commit to fully participating in the ALD soon. Mr. Odom said he would ask the new ALD Manager, Elizabeth Bachhuber, to

come to the Board's next meeting. ALD now has 35 states on line and 16 committed to coming on line, Mr. Odom said.

The Committee is working to try to get CPAVerify to come up sooner on google. This can be done by paying for a better position or by building more buzz words into the Web site, Mr. Odom explained. He believes CPAVerify will become an asset to the public.

23. Report on the International Qualifications Appraisal Board

IQAB member Ray Johnson reported IQAB had last met in October. There is a mutual recognition agreement interpretation issue going on with Chartered Accountants Ireland, since a new directive in the European Union requires experience for recognition be earned in the country giving recognition. IQAB is in contact with the CAI to work this out.

Task forces are working to develop mutual recognition agreements with the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants in Scotland.

24. Report of the Audit Committee

Audit Committee Chair Tredinnick said the Committee had not yet met but they will meet in April or May for the initial planning meeting. Four of the five Committee members are new. Mr. Tredinnick reported he had signed engagement letters for NASBA (which includes a separate CPT financial statement audit report) and for the NASBA Employee 401(k) that are being sent to the auditors.

25. Committee Membership

Chair Harris said NASBA is working on its membership database. Denise Hanley is heading this project to include more information about each member. This will be very helpful in making committee appointments.

Letters are being sent out to request the \$50 annual associate membership fee.

26. Next Meeting

The next meeting of the NASBA Board of Directors will be held on April 26-27 at the Greenbrier in White Sulphur Springs, WV.

27. Adjournment

The meeting was adjourned at 3:35 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

MEMORANDUM

May 3, 2012

To: State Board Members, Chairs, Presidents and Executive Directors
NASBA Committee Chairs
NASBA Board of Directors
NASBA Staff Directors

From: Ken L. Bishop – President and Chief Executive Officer

Re: Quarterly Communications

Continuing our past practice, we are e-mailing our quarterly communication bundle of materials to you and request that you forward the documents to others who would find them of interest. If e-mail proves inconvenient, just notify my executive assistant, Anita Holt (aholt@nasba.org or (615) 880-4202), and a hard copy of these documents will be mailed to you. The attached files include:

- Regional Directors' Focus Question Response Report
- Executive Summary of Focus Question Report
- Minutes of the January 20, 2012 meeting of the Board of Directors
- Highlights of the April 27, 2012 Board of Directors' meeting

We hope you are making plans to attend either the Eastern Regional Meeting, to be held June 13-15 in Philadelphia, PA, or the Western Regional Meeting, to be held June 27-29 in Anchorage, AK. These are going to be interesting, interactive, educational and fun meetings, stressing our theme "Mission Driven – Member Focused." If your Board cannot afford to send its delegate to one of these meetings, NASBA will provide a scholarship covering travel, lodging and conference fee to enable his or her participation. Just contact NASBA Communications Director Thomas Kenny (tkenny@nasba.org) to arrange for a scholarship. Our goal is to have all states represented at their Regional Meetings.

As always, we thank the Executive Directors for ensuring this information is distributed to all Board members. The Executive Directors' help is vital to our communications efforts.

Please do not hesitate to give us a call if you have any questions.

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NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

**Highlights of the Board of Directors Meeting
April 27, 2012 – White Sulphur Springs, WV**

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, April 27, 2012 at the Greenbrier in White Sulphur Springs, WV, the Board took the following actions:

- Received a report from the Nominating Committee on their endorsement of Carlos E. Johnson (OK) for NASBA Vice Chair 2012-2013. Committee Chair Michael T. Daggett (AZ) called on the boards to submit to him by May 30 their candidate recommendations for all Regional Directors and three Directors-at-Large. In addition he asked for recommendations for Nominating Committee members from the Central, Middle Atlantic, Pacific and Southeast Regions be submitted to aholt@nasba.org by May 30.
- Learned from Chair Mark P. Harris (LA) that NASBA will embark on May 31 on a new strategic planning project, directed by NASBA Vice President-Strategic Planning & Program Development Ed Barnicott. The planning team will include four members of the Board of Directors, four NASBA senior staff members, two State Board members, and two State Board executive directors. They are expected to report to the NASBA Board in July.
- Received a report from Chair Harris on the summit meeting of NASBA and the American Institute of Certified Public Accountants' leaders held in February. He commended the Executive Directors Committee and their Chair Pamela Ives Hill (MO) for their excellent conference in March. Chair Harris requested recommendations for nominees to serve as NASBA representatives on the AICPA Professional Ethics Executive Committee, Auditing Standards Board, Board of Examiners and National Peer Review Committee.
- Heard from President and CEO Ken L. Bishop that as of June 1, 2012, John Johnson will join the NASBA staff as Director of Legislative Activities. Mr. Johnson is the former executive director of the Florida Board of Public Accountancy and has most recently served as the director of governmental affairs for the Florida Institute of CPAs. Mr. Johnson will work with the new Legislative Affairs Committee, chaired by Director-at-Large Donald Burkett (SC). President Bishop also reported on the progress of the building improvements being made at the Nashville and New York City offices.
- Learned from NASBA Executive Vice President and COO Colleen Conrad that the Washington Board voted at their Board meeting to use NASBA's new International Credential Evaluation Services, led by James Suh.
- Received a report on the financial results of the six months ended January 31, 2012 from Treasurer E. Kent Smoll (KS), who concluded NASBA is in "great shape." Senior Vice President and CFO Michael Bryant noted that while the funds from contributions

and programs for the Center for the Public Trust (CPT) were expected to be \$100,000 lower for the fiscal year than anticipated, NASBA's income was forecast to be up an equivalent amount. CPT President Alfonzo Alexander reported to the Board on its accomplishments and future plans, including the anticipated doubling of the number of CPT Student Centers within the year.

- Approved awarding accounting research grants to three projects, as outlined by Education Committee Chair Karen F. Turner (CO). Grants will be going to professors at DePaul University, Ball State University, Northern Kentucky University, University of New Hampshire and Indiana University.
- Approved the renumbering of NASBA's Bylaws, as presented by Bylaws Committee Chair Jim Burkes (MS). This will increase the ease of use of the Bylaws, he explained.
- Approved the Enforcement Resource Guide, as developed by the NASBA Enforcement Resource Committee and presented by Committee Chair Harry O. Parsons (NV), to be made available to the Boards' executive directors via the NASBA Website.
- Received a report from NASBA Vice Chair Gaylen Hansen (CO) on the Financial Accounting Foundation's panels on its "Plan to Establish the Private Company Standards Improvement Council," in which he participated as well as Billy Atkinson (TX), Elizabeth Gantnier (MD) and Teleford Lodden (IA). He also updated the Board on the panels on firm rotation and audit quality being conducted by the Public Company Accounting Oversight Board, as a member of the PCAOB's Consulting Advisory Group.
- Were updated on the activities of the International Accounting Education Standards Board by Pacific Regional Director Raymond Johnson (OR), NASBA representative on the IAESB Consultative Advisory Group. He called attention to an exposure draft of "IES2: Content of Professional Accounting Education Programs," that is expected to be released in the fall of 2012 and will be of interest to the State Boards.
- Learned from Director-at-Large Ken Odom (AL), a member of Accountancy Licensee Database Committee, that 35 Boards are now fully participating in the ALD and 14 more are in the pipeline. Daily audits of its content are being performed by NASBA staff.
- Received a report from NASBA Vice President for State Relations Daniel Dustin on his role as ombudsmen for the State Boards. He is scheduling visits to State Boards and will coordinate his efforts with the Regional Directors'.
- Heard from Continuing Professional Education Committee Chair Lodden that a seminar for CPE National Registry Sponsors will be held in September in Nashville. He announced a best practices (not standards) guidebook for Registry sponsors is being developed and expected to be launched on line July 1, 2012.

Next NASBA Board meeting scheduled for July 27, 2012 in Newport, RI.

Distribution: State Board Members and Executive Directors, NASBA Committee Chairs,
NASBA Board of Directors and NASBA staff directors

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Executive Summary
January 29, 2012 – April 4, 2012
Regional Directors' Focus Question Responses

35 State Boards Responding

1. (a) Valuation as practiced by CPAs is largely an unregulated practice. If a complaint were to be filed in this practice area, what body of standards would your Board look to? (b) Are such standards directly mentioned in the Board's rules?

(a) Most frequently mentioned – AICPA Statement on Standards for Valuation Services. Also mentioned - National Association of Certified Valuators and Analysts.

(b) 13 say valuation standards are not mentioned in the Board's rules.

2. (a) What do your state's education rules specify as to acceptable university or college accrediting agencies? Many state education rules refer to accredited colleges or universities, and Article 5 of the UAA rules discusses *accreditation* in terms of levels. Some jurisdictions have indicated confusion about the meaning and level of accreditation along with differences in accrediting agencies. (b) Does your Board need more information on this subject?

(a) Most frequent response: Must be approved by regionally or nationally recognized accrediting agency (i.e., CHEA, AACSB, SASC, NEASC, NCASC, WSASC, etc.)

(b) Of 35 responses – 10 interested in more information; 14 not interested; others silent.

3. The AICPA will be concluding its ethics codification soon, converging with the standards of the International Accounting Ethical Standards Board. In order to appropriately respond to the exposure draft of the new AICPA Ethics Codification it will be very helpful to understand the following issues:

(a) Where is your state's code of professional conduct, in rules or in statute?

(a) **Rules:** AL, AZ, AR, CO, GU, HI, IA, ID, IN, KS, LA, MS, MO, NC, NE, NH, NM, NV, NY, OK, OR, RI, SC, SD, TN, TX, WA, WY, VA; **Regs:** AK, CA, ND, PR; **Act:** AZ, CA

(b) Does your state's code of professional conduct adopt rules as of a specific point in time? If yes, how often do you update your rules for changes in the AICPA Code of Professional Conduct?

(b) Yes-20; No-13

(c) Does your Board currently have plans for reviewing the new AICPA codification of the Code when it is exposed later this year? How will your state incorporate changes made in the AICPA codification of the Code into your rules/statute?

(c) Yes-23; No-10

4. What disciplinary actions taken by the Internal Revenue Service would trigger self reporting and/or opening a case in your state?

Most common answer: Suspension or revocation of the right to practice before the Service.

5. What is happening in your jurisdiction that is important for other State Boards and NASBA to know? Are there any issues with which NASBA can help your Board?

Among responses: WY-“Professional licensing-military members” Bill introduced could result in Wyoming becoming not substantially equivalent. CA-New educational requirements for CPA licensing beginning 1-1-2014. TX – Third Court of Appeals decision affirming the Board's authority to go into Executive Session to seek the advice of its attorney in a contested case proceeding.

See Regional Directors' Focus Question Report for details.

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NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between January 29, 2012 and April 4, 2012. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Telford ("Ted") A. Lodden (IA) – Chair, Committee on Relations with Member Boards,
Central Regional Director*

Jimmy E. Burkes (MS) – Southeast Regional Director

Jefferson Chickering (NH) – Northeast Regional Director

Miley ("Bucky") W. Glover (NC) – Middle Atlantic Regional Director

Janice L. Gray (OK) – Southwest Regional Director

Raymond Johnson (OR) – Pacific Regional Director

Kim Tredinnick (WI) – Great Lakes Regional Director

Karen Forrest Turner (CO) – Mountain Regional Director

-
- 1. (a) Valuation as practiced by CPAs is largely an unregulated practice. If a complaint were to be filed in this practice area, what body of standards would your Board look to? (b) Are such standards directly mentioned in the Board's rules?**

Alabama – (a) Board's Rules of Professional Conduct –Section 30-X-6-.03(4) Other Technical Standards. (b)No.

Alaska – We have not had any valuation issues. It would depend on the type of complaint. We do not have any board rules in this area.

Arizona – (a) The Board's definition of the practice of accounting is....."Practice of accounting" means providing any accounting services, including recording and summarizing financial transactions, analyzing and verifying financial information, examining, reviewing and reporting on financial statements, reporting financial results to an employer, clients or other parties and rendering attestation, tax and management advisory services to an employer, clients or other parties. If the Arizona Board felt that valuation fit in their definition of practice of accounting it would be regulated, and as such, regulate CPAs who have been found incompetent in this matter. (b) Arizona would use the board's statutes and rules, which include the AICPA's Code of Professional Conduct by persuasion, but not conclusive.

Arkansas – (a) We have a generic board rule that states that "all licensees shall comply with professional standards in the performance of professional services." I am not aware of which body of standards governs the practice of valuation services, but if we had a complaint we would have to make that determination and then go from there. (b) Valuation services or the standards applicable to those standards are not specifically mentioned in our rules.

California – (a) The AICPA issued a Statement on Standards for Valuation Services in 2007. California Board of Accountancy enforcement staff follows this standard when conducting investigations regarding valuation services. Staff would also use the general standards contained in Rule 201 of the AICPA’s Code of Professional Conduct which require professional competence, due professional care, adequate planning, and the requirement to obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed. (b) The above standards in (a) are not directly mentioned in the California Board of Accountancy’s rules. However, California Board of Accountancy Title 16, California Code of Regulations (CCR) Section 58 states “Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards.”

Colorado – (a) This practice area would fall within the scope of a CPA and the Board would look to the consulting standards and the valuation guidelines. (b) Yes.

Guam – (a) AICPA professional standards. (b) No, by reference only.

Hawaii – (a) (1) Statement on Standards for Valuation Services (SSVS) 1: Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset; (2) Statement on Standards for Consulting Services No. 1. (b) No.

Idaho – (a) The Board would look to common law standards of negligence, gross negligence or fraud. (b) Any alleged violation would be governed by Idaho Code § 54-219(c) or (n) if the facts warranted a fraud complaint. This would require that the valuation would have been performed in a grossly negligent, dishonest or fraudulent manner. The Board could also utilize the generalized prohibition in § 54-219(o) which prohibits “any conduct reflecting adversely upon the licensee’s fitness to perform such services while a licensee.”

Indiana – (a) & (b) Our Board would look to the AICPA Professional Standards which is incorporated by reference into our rules.

Iowa – By rule, the Board will apply the Statements on Standards for Valuation Services. 193A Iowa Admin. Rule 13.9(3).

Kansas – Statements on Standards for Valuation Services and yes, they are included in our Regulations.

Kentucky – (a) Likely those promulgated by AICPA. (b) No.

Louisiana – We presume by using the term “unregulated” that you mean that the matter comes before boards of accountancy only infrequently. (a) The body of standards that the Board would refer to is the AICPA Statement on Standards for Valuation Services. (b) These standards are not directly cited, but the LA rules require licensees to comply with standards applicable to the engagement. Direct inclusion of the standards in the UAA rules may be a suitable topic for the UAA Committee to consider.

Mississippi – (a) AICPA Statement of Standards for Valuations Services, June 2007. (b) Mississippi Regulation 6.11. states that a CPA or firm permit holder shall conform to all professional standards applicable to the services being performed.

Missouri – We would look to the AICPA Statement on Standards for Valuation Services. The standards are not specifically mentioned in our Board rules, however; we do reference that a licensee shall comply with standards promulgated by the AICPA or by other governmental entities having similar authority as by the board for any professional service 20 CSR 20110-3.010(3).

Nebraska – (a) The Board has authority to access “other generally recognized standards” within Board regulations (Chapter 4.004.05) giving the Board discretion in determining what standards to apply in the valuation matter. The Board could apply the AICPA/ FVS, ABV standards or the NACVA standards if applicable. (b) The overall AICPA Standards are mentioned.

Nevada – Nevada would consider a complaint if the allegations include a violation of the Code of Conduct within the Independence of the Code as referenced in State Regulations. However, Nevada does not mention valuation practice standards within our rules or statutes.

New Hampshire – (a) The Board would refer to AICPA standards. (b) No.

New Jersey – (a) AICPA standards primarily. (b) No, not mentioned in the Board’s rules.

New Mexico – The New Mexico Board can look only to its statute, its rules, and the AICPA Code of Professional Conduct (which is adopted by reference in the Board’s rules). If the complaint falls outside of these three bodies of standards, the Board has no jurisdiction.

North Carolina – (a) The Board would reference the Statements on Standards for Valuation Services as promulgated by the AICPA. (b) These standards are a part of the Board’s Rules of Professional Ethics and Conduct cited at 21 NCAC 08N .0308.

North Dakota – We would look to the standards expected by the AICPA Code of Conduct, which our licensees are to follow, per our regulations.

Oklahoma – (a) We would look to the AICPA Code of Professional Ethics for guidance. (b) Oklahoma rules directly reference the AICPA Code of Professional Ethics.

Oregon – (a) The Oregon Board would look to “General Standards,” including, but not limited to, “Professional Competence and /or “Due Professional Care.” (b) Yes.

Puerto Rico – (a) AICPA SSVS #1. (b) No.

Rhode Island – (a) The Rhode Island Board of Accountancy always refers to the AICPA Code of Professional Conduct and Bylaws. (b) The standards are not mentioned in our rules and regulations/statutes.

South Carolina – We reference Professional Standards.

South Dakota – (a) Valuation practiced by a CPA is a regulated practice so the South Dakota Board disagrees with the opening sentence. Valuation reports are done in accordance with the AICPA Statement on Standards for Valuation Services Issued by the AICPA Consulting Services Executive Committee. From the Standards introduction and scope: Given the increasing number of members of the AICPA who are performing business valuation engagements or some aspect thereof, the AICPA Consulting Services Executive Committee has written this standard to improve the consistency and quality of practice among AICPA members performing business valuations. AICPA members will be required to follow this standard when they perform engagements to estimate value that culminate in the expression of a conclusion of value or a calculated value.

The Consulting Services Executive Committee is a body designated by AICPA Council to promulgate technical standards under Rule 201, *General Standards* (AICPA, *Professional Standards*, vol. 2, ET sec. 201.01), and Rule 202, *Compliance With Standards* (AICPA, *Professional Standards*, vol. 2, ET sec. 202.01), of the *AICPA Code of Professional Conduct*.

Here is the link to the full AICPA Statement on Standards for Valuation Services http://www.aicpa.org/InterestAreas/ForensicAndValuation/DownloadableDocuments/SSVS_Full_Version.pdf

(b) The Professional Standards are referenced in our administrative rule 20:75:05:07.

Tennessee – (a) This Board would look to the AICPA’s SSVS1 (Statements on Standards for Valuation Services) or to NACVA (National Association of Certified Valuators and Analysts).

(b) Those standards are not directly mentioned in the Rules of the Tennessee State Board of Accountancy.

Texas – Board rules incorporate “other recognized professional standards.” The Board would therefore investigate a complaint regarding consulting services using the AICPA Statements on Standards for Valuation Services.

Virginia – (a). The VBOA would first look to the AICPA’s standards, particularly the consulting standards and any guidance that may have been issued on valuation. We would take a close look at the complaint, focusing on the specific facts and circumstances. If the standards have been violated, then the case would proceed through the enforcement process.

(b). To avoid potential problems with the VBOA’s statute as changes to standards occur, the VBOA has taken an evergreen approach. The following wording is used by the VBOA relative to standards (§ 54.1-4413.3. Standards of conduct and practice.):

- Follow the Code of Professional Conduct, and the related interpretive guidance, issued by the American Institute of Certified Public Accountants, or any successor standard-setting authorities.
- Follow the technical standards, and the related interpretive guidance, issued by committees and boards of the American Institute of Certified Public Accountants that are designated by the Council of the American Institute of Certified Public Accountants to promulgate technical standards, or that are issued by any successor standard-setting authorities.
- Follow the standards, and the related interpretive guidance, as applicable under the circumstances, issued by the Comptroller General of the United States, the Federal Accounting Standards Advisory Board, the Financial Accounting Standards Board, the

Governmental Accounting Standards Board, the Public Company Accounting Oversight Board, the U. S. Securities and Exchange Commission, comparable international standard-setting authorities, or any successor standard-setting authorities.

Washington – Board rule, [WAC 4-30-048](#) specifies that licensees must comply with all currently issued AICPA Statements on Standards and the AICPA Professional Code of Conduct unless a Board rule is more restrictive. Therefore, the investigation and enforcement unit would first look to the standards for attestation engagement, consulting services, and litigation services issued by the AICPA.

The Board rule further specifies that, if the professional services are governed by standards not included within the rule, then the licensee must:

- (a) Maintain documentation of why the enumerated standards do not apply;
- (b) Determine and document what standards do apply; and
- (c) Demonstrate compliance with the applicable standards.

Wyoming – The standards the Board would refer to are Statements of Standards for Valuation Services. The standards are referenced in Chapter 6, Section 3(f) of Board Rules and Regulations.

2. (a) What do your state’s education rules specify as to acceptable university or college accrediting agencies? Many state education rules refer to accredited colleges or universities, and Article 5 of the UAA rules discusses *accreditation* in terms of levels. Some jurisdictions have indicated confusion about the meaning and level of accreditation along with differences in accrediting agencies. (b) Does your Board need more information on this subject?

Alabama – (a) Alabama’s Rules require colleges and universities to be accredited by a regional accreditation board such as the Southern Association of Colleges and Universities. (b) No.

Alaska – No specific terminology – “academic credit from a college or university.”

Arizona – (a) Arizona’s statute A.R.S. §32-721(B)(2) requires that certification applicants present satisfactory evidence from an accredited institution or a college or university maintaining standards comparable to those of an accredited institution that an applicant has completed at least 150 semester hours of education. The Arizona Board looks to the Council for Higher Education Accreditation (CHEA). (b) No, as it hasn’t been a problem thus far but we would be interested in learning more from other jurisdictions to inform our process if necessary.

Arkansas – (a) For Level 1 and Level 2 universities or colleges, they must be accredited by a national accreditation agency that is recognized by the board, such as the AACSB International – The Association to Advance Collegiate Schools of Business. For Level 3 institutions, the school must be accredited by a regional accreditation agency recognized by the board such as the Middle States Association of Colleges and Schools or the Northwest Commission on Colleges and Universities. (b) Not at this time.

California – In California, at a minimum, education must be from a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 (as amended). California does not need additional information regarding this subject.

Colorado – (a) The law specifies that a degree must be conferred by an accredited college or university with an approved accounting program approved by the Board, and has a concentration in accounting or what the Board determines to be the equivalent of an accounting concentration. (b) Yes. The Board would appreciate more information on US accreditation and foreign accreditation.

Guam – (a) Guam education rules re accreditation follow the UAA recommendations. (b) No.

Hawaii – (a) Hawaii Administrative rules section 16-71-17: Education “accredited by a regional or national accrediting agency or association recognized by the Secretary of Education under the requirements of 20 United States Code section 1099b, as amended”. (b) No.

Idaho – Rule 300(b) (i)The board recognizes any college or university accredited by the Northwest Commission on Colleges or Universities or any other regional association having the equivalent standards; (ii) any independent senior college in Idaho certified by the State Department of Education for teacher training; and (iii) Accounting and business programs accredited by the American Assembly of Collegiate Schools of Business (AACSB) or any other accrediting agency having equivalent standards.

Illinois BOE – The Board of Examiners recognizes regional accrediting agencies only when referring to accredited institutions. The Board also specifically recognizes AACSB and ACBSP in reference to accounting coursework. A session on accreditation would be very helpful during a regional or annual meeting as accreditation is often misunderstood. Our educational requirements will change effective July 1, 2013. (See Illinois Administrative Code, Title 23, Part 1400, Section 1400.90 The Educational Requirement, (c)(2)(H) and (c)(3)(A),(B) & (C).)

Indiana – (a) Our Rules define an accredited college as one which has been accredited by any of the following bodies: Middle States Association of Colleges and Schools/Commission on Higher Education, New England Association of Schools and Colleges, Northwest Association of Schools and Colleges, Southern Association of Colleges and Schools/Commission on Colleges, Western Association of Schools and Colleges/Accrediting Commission for Senior Colleges. (b) The Board is open to receiving additional information. We have received requests by new accrediting bodies to be considered for inclusion in this group. As we receive those we will contact NASBA to find out more information about them.

Iowa – The statute only refers to colleges and universities “recognized” by the Board. Iowa Code § 542.5(7). By rule, the Board relies on accreditation by the American Assembly of Collegiate Schools of Business and the regional accrediting bodies listed in the Accredited Institutions of Post Secondary Education. Additional information would be useful as a questionable accreditation request was considered at the July 2011 meeting.

Kansas – We use the term “approved” but don’t have a list, per se. We look at a college on a case by case basis.

Kentucky – (a) (1) The educational requirements must be completed at a college or university within the United States that was accredited by one (1) of the following accrediting associations at the time the degree was granted:

- a. Middle States Association of Colleges and Schools;
- b. North Central Association of Colleges and Schools;
- c. New England Association of Schools and Colleges;
- d. Northwest Association of Schools, Colleges and Universities;
- e. Southern Association of Colleges and Schools; or
- f. Western Association of Schools and Colleges;

(2) The board may consult with a Kentucky state-funded four (4) year institution of higher education for assistance in evaluating the hours purportedly earned and the accreditation of an educational institution;

For schools outside the US: The course credits must be certified by the Foreign Academics Credentialing Service (FACS) or another credentialing agency that is a member of the National Association of Credential Evaluation Services, Inc.

The certification required shall state that the:

1. Foreign degree is equivalent to a baccalaureate or master’s degree earned in an accredited United States college or university as described in KRS 325.261 and this administrative regulation; and
2. Applicant had a major or concentration in accounting as defined in this administrative regulation.

A copy of the "Request for Advisory Evaluation of Foreign Credentials" form that FACS requires an applicant to use to request certification from its service.

(b) No.

Louisiana – (a) The Louisiana rules specify that applicants must have credit for not less than 150 hours of post-secondary, graduate, or postgraduate education at and by an accredited college or university approved by the Board. Under our rules an *accredited university or college* is one that is accredited by any one of the six regional accreditation associations. Louisiana rules do not refer to levels of accreditation. (b) Not at this time.

Mississippi – (a) Mississippi rules require that qualifying education credits be earned from a university/college accredited by one of the regional accrediting agencies including Southern Association of Schools and Colleges, Northwest Association of Schools and Colleges, New England Association of Schools and Colleges, Western Association of Schools and Colleges, North Central Association of Colleges and Secondary Schools or Middle States Association of Colleges and Secondary Schools. (b) No, Mississippi does not currently evaluate accreditation at the school level (such as School of Accounting) and it is not currently in discussion.

Missouri – (a) Our rules state: Any university or college accredited by the Middle States Association of Colleges and Schools, New England Association of Schools and Colleges, North Central Association of Colleges and Schools, Northwest Commission on Colleges and Universities, Southern Association of Colleges and Schools or Western Association of Schools and Colleges is recognized by the board. The board may recognize as accredited, any university

or college accepted by two or more states for allowing a candidate to sit for the certified public accountant examination. (b) We would be interested in more information on the levels of accreditation.

Nebraska – (a) The Board changed its rules within Chapter 9 to those of Article 5 (UAA) regarding accreditation. (b) Yes.

New Hampshire –

(a) Yes (see below):

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(b) An educational institution shall be considered by the board to be accredited if:

- (1) Approved by a member of a regional or national accrediting agency that is recognized by the United States Department of Education; or*
- (2) Approved by the American Assembly Of Collegiate Schools (AACSB).*

(b) No.

New Jersey – (a) New Jersey regulations are very specific to education accreditation.

New Mexico – The New Mexico Board rules specify that an individual must hold a bachelor’s degree from a regionally accredited college or university (Level 1 accreditation). The six regional accrediting bodies are: Middle States Association of Colleges and Secondary Schools, New England Association of Schools and Colleges, North Central Association of Colleges and Secondary Schools, Southern Association of Colleges and Schools, Western States Association of Schools and Colleges, and Accrediting Council for Independent colleges and Schools. Although the rules further indicate that a business school may be accredited by an agency such as AACSB (Level 2) and the accounting program may be accredited by an agency such as AACSB (Level 3), Level 1 accreditation is the benchmark for qualifying for the CPA Exam and for becoming licensed.

Nevada – Nevada rules specify that education must be obtained from an accredited college or university. Board staff states to individuals that the interpretation is that the school must be regionally accredited. There are many places that merely reference they are accredited, however without any oversight of these “accrediting institutions.” The Board will not accept any referenced accrediting agency only those that are regionally accredited. Nevada is comfortable in its decisions and approval of institutions. However, as the subject continues to be discussed, more information is always appreciated.

North Carolina – (a) The Board statute specifies the universities or colleges must be accredited by one of the Regional Accrediting Commissions – New England, Middle States, North Central, Northwest, Southern and Western. The Board does not reference accreditation levels in its statute and we have had no problem in using these accrediting commissions. (b) The Board would not require any information regarding this subject.

North Dakota – We have a relatively open policy – the college must be acceptable to the Board. This leaves it up to the agency to rule on a specific college. A DOE-accredited school would be accepted without concern. But we could accept others, and have, at least once, accepted an unaccredited school. We would conduct additional inquiry in a future case, to ensure for

example, that the SBA in the school's home state accepts them. This flexibility may not be workable for a larger state, with hundreds of candidates, but it is workable for our situation.

Oklahoma – (a) The Chancellor for higher education in Oklahoma establishes accreditation guidelines and follows Federal Department of Education guidelines. The Board would look to the Chancellor's office for verification or acceptance of a college or university's credentials. (b) The Board would welcome more information regarding this issue as it is confusing and difficult to verify various college and university's academic credentials.

Oregon – (a) Acceptable accreditation agencies are specified in statute (ORS 673.050) as "...one of the six regional accrediting associations..."

Puerto Rico – (a) Accredited by the Board of Higher Education of Puerto Rico, foreign universities and colleges that have equivalence with the University of Puerto Rico. (b) No.

Rhode Island – (a) Rules and regulations specify accredited Colleges, Universities or accrediting agencies must be recognized by the Board. (b) Yes. The Board needs more information to make informed decisions.

South Carolina – (a) South Carolina statutes specifically require colleges and universities to be accredited by the Southern Association of Colleges and Schools or any other regional accrediting association having the equivalent standards. We also accept up to 12 hours taught at Technical or Community Colleges where the UAA states a four year college.

South Dakota – (a) We accept regionally accredited schools through the membership of one of the following agencies – North Central, Middle States, New England, Northwest, Western and Southern Association of Colleges and Schools. (ARSD 20:75:02:12). (b) No.

Tennessee – (a) Rule 0020-2-.01(2) states that the Tennessee State Board of Accountancy will recognize those schools holding a membership in the following regional accrediting agencies: Southern Association of Colleges and Schools; Middle States Association of Colleges and Schools; New England Association of Schools and Colleges; North Central Association of Colleges and Schools; Northwest Association of Schools and Colleges; or Western Association of Schools and Colleges. It further states that a listing of accredited institutions is contained in the "Accredited Institutions of Post-Secondary Education" published by the American Council on Education for the Council on Post-Secondary Accreditation. (b) More information is always welcome! We are encountering more and more those institutions which provide education only through an online process. Information on those schools would be very beneficial.

Texas – This agency's rules specify that effective January 1, 2013, the colleges or universities must be accredited by the Council for Higher Education Accreditation (CHEA) and offer college course work that conforms with the Standards of the Texas Higher Education Coordinating Board or the Southern Association of Colleges and Schools and have a business school or accounting program accredited by the Association to Advanced Collegiate Schools of Business (AACSB) or the Accreditation Council for Business Schools and Program (ACBSP). This Board would always appreciate more information in this area.

Virginia – (a) The following is taken from the Virginia Board of Accountancy statute and regulations relative to accrediting agencies:

18VAC5-22-60. Determining whether a college or university is an accredited institution.

A. For the purpose of complying with subdivision A 1 a of § 54.1-4409.2 of the Code of Virginia, a college or university that is not accredited by one of the six major regional accrediting organizations listed in the definition of accredited institution in § 54.1-4400 of the Code of Virginia or their successors shall be considered an accredited institution if it is accredited by an accrediting organization recognized by the Council on Higher Education Accreditation (CHEA) or its successor. Publication of the name of the accrediting organization by CHEA or its successor shall be sufficient notification that the accrediting organization is recognized by CHEA or its successor.

B. To determine whether a college or university is an accredited institution if it is accredited by an accrediting organization that is neither one of the six major regional accrediting organizations or their successors, nor an accrediting organization recognized by CHEA or its successor, representatives of the accrediting organization shall meet with a task force appointed by the board to study and recommend to the board how the organization shall demonstrate that its accreditation process and standards are substantially equivalent to the accreditation process and standards of the six major regional accrediting organizations or their successors. The size and composition of the task force shall depend on the facts and circumstances. However, at least one of the members of the task force shall have substantial experience with the accreditation process and standards of the six major regional accrediting organizations or their successors.

After the task force provides its recommendations to the board, the board shall decide what the requirements shall be to demonstrate that the accreditation process and standards of the accrediting organization are substantially equivalent to the accreditation process and standards of the six major regional accrediting organizations or their successors and shall communicate its decision to the organization. The organization shall then provide the required documentation to the board that will enable the board to decide whether a college or university accredited by the organization is an accredited institution as defined in § 54.1-4400 of the Code of Virginia.

Code of Virginia, § 54.1-4400. Definitions.

"Accredited institution" means a degree-granting college or university accredited either by (i) one of the six major regional accrediting organizations-Middle States Association of Colleges and Schools, New England Association of Schools and Colleges, North Central Association of Colleges and Schools, Northwest Commission on Colleges and Universities, Southern Association of Colleges and Schools, and Western Association of Schools and Colleges-or their successors; or (ii) an accrediting organization demonstrating to the Board periodically, as prescribed by the Board, that its accreditation process and standards are substantially equivalent to the accreditation process and standards of the six major regional accrediting organizations.

(b) The Virginia Board of Accountancy does not need additional information on this subject.

Washington – Board rule [WAC 4-30-060](#), [www.cpaboard.wa.gov (go to Resources, Laws and Rules)] specifically identifies accredited colleges and universities as those accredited by a defined list of accrediting agencies. Furthermore, non-accredited educational institutions may qualify if one of the Board recognized evaluation services certifies that the degree granted by the non-accredited entity is equivalent to a degree from an institution that is a member of one of the Board recognized accrediting agencies. The Washington State Board would welcome more information.

Wyoming – A list of acceptable accrediting associations is included in Chapter 2 Section 2(c) of Board Rules and Regulations. Accreditation “levels” are not mentioned in the Chapter. At this time the Board does not feel it needs more information on this subject.

3. The AICPA will be concluding its ethics codification soon, converging with the standards of the International Accounting Ethical Standards Board. In order to appropriately respond to the exposure draft of the new AICPA Ethics Codification it will be very helpful to understand the following issues:

(a) Where is your state’s code of professional conduct, in rules or in statute?

(b) Does your state’s code of professional conduct adopt rules as of a specific point in time? If yes, how often do you update your rules for changes in the AICPA Code of Professional Conduct?

(c) Does your Board currently have plans for reviewing the new AICPA codification of the Code when it is exposed later this year? How will your state incorporate changes made in the AICPA codification of the Code into your rules/statute?

Alabama – (a) Rules. (b) No. (c) Yes. If changes to Alabama’s Rules are needed we will adopt rule changes in accordance with Alabama’s Administrative procedures Act.

Alaska – (a) Regulations. (b) Yes. No set schedule, when we are writing new statutes and regulations. (c) Regulations are reviewed and outdated references are updated when we can.

Arizona – (a) Arizona uses both statutes and rules regarding professional conduct. However, Arizona does not have a specific statute or rule entitled *Code of Professional Conduct*. (b) Yes, Arizona adopts the AICPA’s Code of Professional Conduct by rule as persuasive, but not conclusive and it is based on a point in time and rules need to be amended to incorporate later editions. (c) Arizona’s board always stays abreast to all changes in their profession. Currently, they do not have specific plans to review the new AICPA codification of the code. However, they are in the process of a total rewrite of their statutes and rules, which is a current project, and changes would include the possible incorporation of the latest version.

Arkansas – (a) Our Code of Professional Conduct is contained within an appendix to our Board Rules. (b) Our Code refers to Board Rule 8.2, which does reference professional standards in effect as of a point in time – this needs to be addressed through future rule changes. (c) This has not been discussed extensively, but I believe our plan would be to change our rules to make them “evergreen” to avoid the need for constant rule changes.

California – (a) The California Board of Accountancy’s code of professional conduct is in regulation and statute. Business & Profession (B&P) Code Section 5018 authorizes the California Board of Accountancy to prescribe, amend, or repeal rules of professional conduct through regulations. B&P Sections 5060 – 5063.3 and California Board of Accountancy Regulation Sections 50 – 69 contain California specific Standards of Professional Conduct. California Board of Accountancy Regulation Section 5 requires all CBA licensees to adhere to all the rules and regulations of the Accountancy Act. Title 16, California Board of Accountancy Regulation Section 58 states “Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted

accounting principles and generally accepted auditing standards.” This subjects licensees to the AICPA’s Code of Professional Conduct. (b) The California Board of Accountancy statutes and regulations are not of a specific point in time. (c) The exposure draft will be shared with the board for their review and direction.

Colorado – (a) Rules. (b) Yes. The time frame would depend on what needed changing. (c) The Board may review the codification and determine whether it will incorporate the changes into the rules. The professional standards rules are currently under review.

Guam – (a) In Rules. (b) Only regarding the latest SAS70/SOC1-2-3 changes, not for ethics standards. (c) Such changes are incorporated by our rules including amendments to the AICPA Code of Professional Ethics.

Hawaii – (a) Hawaii Administrative Rules section 16-71-61 through 16-71-64. (b) No. (c) Yes; any administrative rule amendments to be proposed by the Board’s Ethics Committee will be considered for adoption through the administrative rule-making process pursuant to Hawaii Revised Statutes chapter 91.

Idaho – Idaho’s Code of Professional Conduct is in the Idaho Accountancy Rules, Subchapter E. At this point, we have not put definite plans into place for reviewing the new AICPA codification of the Code. We feel that we will need to take a look at the changes, however, and then determine a course of action in how we will incorporate potential changes which are made.

Indiana – (a) Rules. (b) No; we update as necessary. (c) No; depends on the extent of the changes. If wholesale changes to the text occur a normal rulemaking must be conducted. If the sections stay the same, we should be able to accomplish the update through an emergency rulemaking procedure that was recently codified.

Iowa – The Board has adopted Rules of Professional Ethics and Conduct, 193A Iowa Admin. Code chapter 13. The Board has not incorporated by reference the AICPA Code of Professional Conduct, but would consider it where not in conflict with board laws or rules and if helpful in applying board rules to particular conduct. The licensee must comply with the standards applicable to the type of work product as in effect when the work was performed. There are general rules applicable to all types of services, and specific provisions for attest, compilation, tax, and consulting, advisory, and other accounting services. If there are changes to the AICPA Code of Professional Conduct, it is likely the board would consider them in the future.

Kansas – (a) Rules. (b) Yes. Yearly. (c) Yes. We will determine incorporation of any changes at the time they are adopted by the AICPA, as they apply to Kansas regulatory needs and requirements.

Kentucky – Not sure at this point.

Louisiana – (a) Rules. (b) N/A. (c) It is expected that we will review the exposure draft when it is released. If changes to the Louisiana rules of conduct are deemed appropriate by the Board, the Board would commence rulemaking under state administrative procedure.

Mississippi – (a) Mississippi’s has its own Rules of Professional Conduct as part of its Rules and Regulations. (b) Mississippi’s Rules of Professional Conduct do not reference the AICPA Code of Professional Conduct. (c) The Mississippi Board will review the codification and make comments if it determines it’s necessary. Changes to the Board’s Rules of Professional Conduct are made independent to the AICPA code.

Missouri – (a) The statutes point to the rules, which specify the AICPA code of professional conduct. (b) Yes, we are required to do so by Missouri law. Annually. (c) Yes, we will review the codification. It will be once we are able to update the date in reference to the Code in our rules.

Nebraska – (a) Rules/ Chapter 5. (b) No, again very general and the ability to apply other applicable standards and not time sensitive. (c) Will review for any significant changes that could be applied and/or update our current regulations.

New Hampshire – (a) In administrative rules. (b) Rules must be updated at least every eight years. (c) Not currently, references will be updated in future rulemaking.

New Jersey – (a) Both regulations and statutes. (b) The regulations are updated periodically. (c) The Board is strict about AICPA Code of Conduct. The Board does not change rules because AICPA changes Code of Conduct.

New Mexico – (a) The New Mexico Board’s Code of Professional Conduct is found within its rules. (b) The New Mexico Board adopts by reference the AICPA Code of Professional Conduct; therefore, there is no need for the Board to amend its rules to reflect changes in the AICPA Code of Professional Conduct. (c) The New Mexico Board does not have specific plans to review the new AICPA codifications.

Nevada – (a) Nevada references the Code of Conduct within its Rules – Administrative Code. (b) Yes, Nevada is required to specify a certain edition when referencing items. Therefore, the last edition noted in regulations is the 2003 edition. We are hoping this will be removed in our next regulatory amendments. (c) The Board will attempt to get the date removed so that the new edition can be considered.

North Carolina – (a) The Board’s Code of Professional Ethics and Conduct is in its rules, North Carolina Administrative Code Title 21 Chapter 08 Subchapter 08N. (b) The Board adopts rules at a specific point in time. 21 NCAC 08N .0101(b) allows the Board to give consideration to relevant interpretations, rulings and opinions issued by ethics committees of professional organizations such as the AICPA. The Board adopts numerous standards in the rules for practice such as the Statements on Standards for Tax Services issued by the AICPA which has language in the rules stating “including subsequent amendments and editions”. (c) The Board will review the new codification of the AICPA Code but the changes do not require incorporation pursuant to 21 NCAC 08N .0101(b).

North Dakota – (a) It is in regulation, by reference to the AICPA Code. (b) We have a standing, blanket reference to the AICPA Code. (c) There are no current explicit plans, but we will be aware of the changes, and can readily address any concerns that may arise.

Oklahoma – (a) The Oklahoma Code of Ethics is found in Oklahoma Accountancy Board Statutes. Oklahoma Statutes specifically reference AICPA Code of Professional Conduct. (b) Oklahoma Statutes are evergreen so whenever the AICPA Professional Code of Conduct is amended, no action is needed. (c) The Oklahoma Accountancy Board will be reviewing all changes to the AICPA Professional Code of Conduct. (See (b).)

Oregon – (a) Rules (OAR 801-030). (b) The Oregon Board generally updates its rules annually. If applicable changes in the AICPA Code were known to the Board, our rules would be modified accordingly. (c) See (b) above.

Puerto Rico – (a) Specific Regulation for COA Code of Ethics. (b) AICPA Code of Ethics and amendments adopted in 1988. The regulation indicates that subsequent changes of the Code are adopted by the Board by reference. (c) No as they are adopted by reference each time they change.

Rhode Island – (a) The State’s code of professional code is in the rules and regulations. (b) When the AICPA updates the code of professional conduct, Rhode Island automatically updates. (c) This is also automatically updated.

South Carolina – (a) In July 2004 the Board adopted the AICPA’s Code of Professional Conduct to substitute for any local ethical rules in statute. (b) We do not reference a specific point in time. (c) Yes, if the Board accepts all of the changes we would not have to do anything. If we have an issue with a section we would have to make a provision in the statute.

South Dakota – (a) Rule 20:75:05:07. (b) Yes. We try to have a rules hearing at least annually. (c) We do not have any current plans, but when the codification is exposed we may form a committee to review the changes and how those changes need to be implemented into our rules.

Tennessee – (a) Tennessee’s code of professional conduct is located in Rules in Chapter 0020-3. (b) Tennessee’s code does NOT adopt rules as of a specific date. We do refer to the AICPA Code of Professional Conduct with the statement that the AICPA Code governs when our rules are silent on any matter. But again, no specific date is mentioned, so that any changes to the AICPA Code does not necessitate a change in rule. (c) Tennessee does plan to review the new AICPA codification and will propose a rule change only if there is something in the new codification which conflicts with our current rules or if there is something additional which could not be adopted without a rule change. As previously indicated, we reference the AICPA Code, but not a specific date so anything that is changed in the AICPA Code will be automatically adopted.

Texas – (a) Rules. (b) The Board’s Rules of Professional Conduct are not adopted for a specific time but are routinely and continually updated. (c) The Board will monitor and review the AICPA’s codification and make changes to its rules where appropriate.

Virginia – (a) The Virginia Board of Accountancy’s code of professional conduct is found in statute – Code of Virginia, § 54.1-4413.3. Standards of Conduct and Practice. (b) No, the Virginia Board of Accountancy statute does not reference specific rules or a specific point in time. To avoid potential problems with the Virginia Board of Accountancy’s statutes as

changes to standards or the Code occur, the Virginia Board of Accountancy has taken an evergreen approach. The following wording is used by the Virginia Board of Accountancy relative to standards and the Code:

- Follow the Code of Professional Conduct, and the related interpretive guidance, issued by the American Institute of Certified Public Accountants, or any successor standard-setting authorities.
- Follow the technical standards, and the related interpretive guidance, issued by committees and boards of the American Institute of Certified Public Accountants that are designated by the Council of the American Institute of Certified Public Accountants to promulgate technical standards, or that are issued by any successor standard-setting authorities.
- Follow the standards, and the related interpretive guidance, as applicable under the circumstances, issued by the Comptroller General of the United States, the Federal Accounting Standards Advisory Board, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, the Public Company Accounting Oversight Board, the U. S. Securities and Exchange Commission, comparable international standard-setting authorities, or any successor standard-setting authorities.

(c) The Virginia Board of Accountancy will make the determination of whether to review the new AICPA codification of the Code at the time the exposure draft is released. The Virginia Board of Accountancy will not have to make changes to its statute or regulations.

Washington – (a) Board rule, [WAC 4-30-040](#) through WAC 4-30-058 with reference in [WAC 4-30-048](#) to the AICPA Code of Professional Conduct, i.e. you must first comply with the AICPA Code, then assess that guidance against the Board code and then determine if Board rule trumps the AICPA because Board rule is more restrictive. (b) Rule history is codified within each rule publication; Changes in the Board rule re Ethics and Prohibited Practices may change independent of AICPA changes. (c) Yes, the Board and Executive Director will separately review the codification; Changes in the Board code may be made independent of the changes incorporated in the codification.

Wyoming – Rulemaking will begin in March. Draft Rules with changes are provided to the Board at the May meeting. When the Rules become final, the Codification will be incorporated by reference. The Board does not have a plan to review the Codification. When it is released in final form, the Board will determine at that time how it chooses to address it.

4. What disciplinary actions taken by the Internal Revenue Service would trigger self reporting and/or opening a case in your state?

Alabama – Suspension or revocation of the right to practice before the Internal Revenue Service.

Alaska – Our investigator does not correspond or work with the IRS. Per the investigator, “someone would have to complain.” We are working on this.

Arizona – This question is best answered by Arizona Administrative Code R4-1-456, which is not limited to the IRS. The specific section of this rule relating to the IRS is subsection (A)(1),

which states that “Any suspension or revocation of the right to practice accounting before the federal Securities and Exchange Commission, the Internal Revenue Service, or any other state or federal agency.” That said, all Arizona registrants must report other final judgments in civil actions or administrative proceedings regarding fraud, accounting violations, dishonesty, misrepresentation, breach of fiduciary duty and negligence in the practice of public accounting. In addition, all Arizona registrants must report any felony regarding the same and embezzlement, theft, forgery and perjury.

Arkansas – Any disciplinary action taken by the IRS would trigger reporting on our annual renewal. A more severe action that resulted in suspension or revocation of practice privileges before the IRS would require self reporting within 30 days. An investigation may or may not be opened depending on the facts involved.

California – B&P Code Section 5063 contains the ‘self-reporting’ requirements for licensees. Section 5063(a)(3) requires licensees to self report, the cancellation, revocation, or suspension of the right to practice as a certified public accountant before any governmental body or agency. “Any government body or agency”, encompasses the Internal Revenue Service (IRS). This reporting must be made to the California Board of Accountancy within 30 days of the date the licensee has knowledge of the action by the IRS.

Colorado – All disciplinary actions imposed against CPAs by the IRS would trigger self reporting.

Guam – Revocation or suspension of the right to practice (before any federal agency).

Hawaii – The Board receives no automatic or scheduled notification from the Internal Revenue Service regarding its disciplinary actions; therefore, any reports or complaints received from the public and other sources, as well as staff-initiated complaints, are referred to the Regulated Industries Complaints Office, the enforcement agency of the Department of Commerce and Consumer Affairs.

Idaho – Any censure, suspension, disbarment, or disqualification by the IRS of any Idaho license.

Indiana – In the event that the Board was informed of a disciplinary action taken by the IRS, the information would be referred to the Office of the Attorney General (OAG) for prosecution. If an administrative complaint is warranted, the Board can take necessary action.

Iowa – The Board can take disciplinary action against a licensee upon the suspension or revocation of the licensee’s right to practice before a federal agency, including the IRS. Iowa Code § 542.10(1)(h). Such action must be reported by a firm within 30 days. 193A Iowa Admin. Code 7.7(4). An individual CPA reports convictions of crimes or action by other licensing authorities within 30 days, but as currently written, this would not include action by the IRS and the rules should be examined as a result. 193A IAC 5.8.

Kansas – Suspension, disbarment, preparer penalties – any disciplinary action taken by the IRS.

Kentucky – Disciplinary action by the IRS may result in the Board imposing some type of sanction.

Louisiana – Disciplinary actions or investigations require a disclosure by the licensee when licenses are renewed annually. The matter would be reviewed to determine if there is a basis to open a case.

Mississippi – If IRS debarred or suspended a Mississippi CPA licensee/firm practice before it. Also, if IRS referred a licensee to the Board and listed prohibited conduct or competence issues.

Missouri – Any actual disciplinary action would require the licensee or firm to provide notice to the board and we may open an investigation of the case.

Nebraska – Title 31 violations reported within the IRS Bulletin.

New Hampshire – License renewal includes self reporting (see below):

Ac 401.04 Renewal Forms.

(5) A statement as to whether, since the original issuance of the certificate or the last renewal, whichever is later, the applicant's practice privileges before any governmental agency or tribunal in any jurisdiction was in any way sanctioned or altered, and if so, a complete explanation of all material facts.

New Jersey - The Board frequently evaluates self reporting during renewals only if convicted.

New Mexico – The Board's rules indicate that an individual is required to report the cancellation, revocation, or suspension of the right to practice as CPA before any governmental body, agency, or other licensing agency.

Nevada – Nevada would consider any violations and review the information as provided through a complaint and/or self-reporting. The rules indicate that any disciplinary action taken by another agency would be grounds for reporting to the Board.

North Carolina – The Board would consider any disciplinary action taken by the IRS against a licensee to trigger the reporting of the disciplinary action to the Board pursuant to 21 NCAC 08N .0208(b). A case would be opened to investigate the disciplinary action taken by the IRS.

North Dakota – Self-reporting is not mandated within our regulations. Disciplinary action by the IRS of any kind could potentially trigger examination and action by the Board. North Dakota law specifically states that the board may take various discipline actions in such cases as suspension of rights to practice before any state or federal agency, and gross negligence (etc.) re. filing of one's own tax returns.

Oklahoma – If the Oklahoma Accountancy Board became aware of a situation involving negligence, fraud, or any act disreputable to the Profession, an enforcement case would be established to investigate and take appropriate action.

Oregon – Any disciplinary action would trigger self-reporting. The opening of a case would depend upon the nature of infraction which gave rise to the IRS discipline.

Puerto Rico – 1. Fraud related. 2. Not filing its income tax return. 3. Assisting in the preparation of fraudulent tax returns. 4. Money laundering. 5. Any other illicit act.

Rhode Island – There are no actions that would trigger self-reporting and/or opening a case in Rhode Island.

South Carolina – Anything related to failure to pay taxes or substandard work.

South Dakota – Any disciplinary action taken by the IRS on a licensee would require self reporting. Examples could be a preparer penalty or their practice privileges being revoked.

Tennessee – Disciplinary actions taken by the Internal Revenue Service which would trigger self-reporting and the opening of a complaint would be suspension or revocation of the right to practice before the Service. In addition, failure to file personal tax returns would trigger opening a complaint.

Texas - Revocation, Suspension, or Voluntary Consent decree concerning the licensee’s right to practice before the IRS. Licensees must report to the Board any unappeal adverse findings.

Virginia – The revocation or suspension of the privilege of practicing before the IRS would be cause for the Virginia Board of Accountancy to open an investigation. However, any disciplinary action taken by the IRS against a Virginia licensee would be cause for a potential investigation.

The Virginia Board of Accountancy does not REQUIRE self reporting of disciplinary action; however, the Virginia Board of Accountancy standards of conduct and practice states that a Virginia licensee:

- Exercise sensitive professional and moral judgment in all activities.
- Act in a way that serves the public interest, honors the public trust, and demonstrates commitment to professionalism.
- Perform all professional responsibilities with the highest sense of integrity, maintain objectivity and freedom from conflicts of interest in discharging professional responsibilities, and avoid knowingly misrepresenting facts or inappropriately subordinating judgment to others.

Accordingly, Virginia licensees must make self-reporting determinations using the standards of conduct and practice, and their conscience, as a guide.

Washington - [WAC 4-30-030](#) and [4-30-036](#) require self reporting upon notification of orders or sanctions imposed by the IRS or charges filed by the SEC, PCAOB, IRS or any other state or federal taxing authority.

The Washington State Board would investigate:

- (a) Any of the matters outlined above;
- (b) Any other disciplinary action taken by the Internal Revenue Service (OPR); and

- (c) Complaints of alleged incompetency, negligence or gross negligence in the course of offering or providing tax return preparation, advice, or representation before the IRS (usually accompanied by sizeable monetary IRS penalties).

Wyoming – Chapter 3 Section 6 refers to what precipitates self-reporting of an issue. (d)(iii) Refers to: the denial, cancellation, revocation, suspension, or refusal to renew the authority to practice as a CPA by any state, federal agency or foreign authority for any cause other than failure to pay a fee.

5. What is happening in your jurisdiction that is important for other State Boards and NASBA to know? Are there any issues with which NASBA can help your Board?

Alabama – Alabama’s Governor has announced that the administration is considering consolidating several agencies. Political inquiries have revealed that in 2012 minimal agency consolidations may be attempted but in 2013 the administration is planning substantial consolidations of agencies focusing on Alabama’s professional and occupational licensing boards. NASBA’s help will be needed to fight off the administration’s efforts to consolidate the Alabama State Board of Public Accountancy into some kind of an umbrella agency and the potential seizure of Board funds by the state.

Alaska – We are looking at active-inactive-retired licenses, semi-independent board issues, completing firm ownership and hiring an Executive Director.

Arizona – We just started a controlled rollout of our new on line renewal system in March 2012 and early results have been successful with positive survey results.

California – New Educational Requirements for CPA Licensure Beginning January 1, 2014 Legislation passed in 2009 will require that applicants for California CPA licensure, beginning January 1, 2014, complete an additional 20 semester units of accounting study and 10 semester units in ethics study. In September 2011, the California Board of Accountancy began the rulemaking process to establish the requirements for the 20 semester units of accounting study. The California Legislature passed legislation on September 26, 2011 establishing the 10 semester units of ethics study in the Accountancy Act. The California Board of Accountancy is working diligently distributing information to students, licensure applicants, licensees, and other "interested parties" to get information out related to the 2014 educational requirements. One means we have used to achieve this end is to conduct a series of Open Houses, inviting college and university faculty and other stakeholders to meet with California Board of Accountancy members and staff to get answers regarding the new education requirements. The California Board of Accountancy would like to direct interested parties to www.dca.ca.gov/cba for more information about the new educational requirements.

Retired License Status Option. The California Board of Accountancy will soon be joining approximately 20 other state boards of accountancy in offering a retired license status to licensees. Assembly Bill 431, signed into law on October 2, 2011, allows the California Board of Accountancy to establish a retired license status. The California Board of Accountancy is presently in the process of establishing regulations that specify minimum qualifications and other

criteria related to the retired status license. The new status will become available to licensees in 2013.

Fingerprinting Requirements. Prior to January 1998 individuals applying for a CPA license were not required to submit fingerprints as a condition of licensure. Beginning July 1, 2014, any licensee who has not previously submitted fingerprints and successfully completed a state and federal level criminal offender record check, will be required to do so prior to license renewal.

Continuing Education. In the area of continuing education (CE), a new requirement took effect on January 1, 2012. Licensees renewing in an active status are now required to document completion of a minimum of 20 hours of CE in each year of the license renewal period, including 12 hours in technical subject matter, as part of the total 80 hours required for active status license renewal. Additionally, the CBA is currently drafting regulatory language to reduce the Fraud CE requirement from 8 hours to 4 hours.

Peer Review. The California Board of Accountancy implemented a mandatory peer review program for CPA firms in 2010. Under the peer review program, in order for a firm to renew its registration the firm will have to undergo a peer review of its accounting and auditing practice administered by a California Board of Accountancy recognized peer review provider. The legislation creating the California Board of Accountancy peer review program requires a report to the Governor and the Legislature on the effects the peer review program is having on smaller CPA firms by January 1, 2015.

Colorado – The staff is currently conducting a CPE Audit for 2012 and in the future may need help developing an electronic system for reporting CPE, uploading the certificates, etc.

The Board is currently updating its rules in the area of education requirements, firm registration requirements, peer review, professional standards, CPE requirements and certificate maintenance requirements.

NASBA can help the Colorado Board with foreign evaluations and other application review and processing matters that are currently being worked on.

Guam – (a) +60% loss of the Japanese CPA candidate base sitting in the Guam Computer Testing Center (GCTC) during the first two windows (Aug - Nov 2011) of international exam administration in Japan; Less than half presumed due to 2010 year-end "loading" before exam changes took effect given the Korean candidate base reductions of 25-28%, coupled with a 41.6% drop in PAID GCTC exam candidates from August-December 2010 to August-December 2011 (this drop is devoid of 2010 year-end loading as GCTC was fully booked by end of July 2010 with minimal exceptions) and fact that for the first time in GCTC history sitting Korean candidates exceeded sitting Japanese candidates; estimated loss of 900-1100 Japanese candidates worth about US\$150,000 in total GCTC+Board revenues and approximately US\$1.0MM in Guam tourism spending; extrapolating to a full year anticipates a loss of 1800 Japanese candidates sitting for 2900 sections resulting in a direct reduction of US\$320,000 in GCTC+Board revenues and US\$1.9MM in Guam tourism receipts; perceived positive benefit perhaps minimal Japan-US balance of trade improvement?!?

(b) Need to know timeline for international exam administration in Korea?

(c) Efforts to streamline the visa process for Chinese candidates to test at the GCTC, involves US Embassy meetings to recommend potential Chinese schools for program consideration, due diligence on such schools and enhancing relations between such Chinese schools and the University of Guam; thankful for NASBA assistance with cost of due diligence efforts!

(d) Board support of the Becker/University of Guam program to support presentation of the review program to Guam resident CPA exam candidates by reimbursing materials costs (about US\$1,600 per candidate)

Hawaii – The Hawaii Board is researching the possibility of changing its licensing model from a two-tiered configuration to a one-tiered structure. To this end, the Board will be requesting assistance from NASBA for information and guidance.

Indiana – Our triennial license renewal begins next month with an expiration of 6/30/2012.

Iowa – Funding for our small bureau continues to be a struggle. We have received notice of additional proposed budgetary cuts this year. Perhaps an outside agency reminding our legislative bodies that ultimately control the budget that we are truly protecting the public with our efforts would be a help.

Mississippi – NASBA should remain focused on full support of the Boards of Accountancy. For example, the Boards should be the only jurisdictions by which candidates may apply for the Uniform CPA Examination.

Missouri – House Bill 1297 is being proposed and if passed would require the acceptance of military education to meet the educational requirements to sit for the CPA Examination.

Nebraska – The Board has two major projects underway including review of the Board's current two year (within a CPA firm; under a CPA) experience requirement. The Experience Work Group was formed to start a review of the requirement and consider if other forms of experience should count (UAA requirements). Additionally, the Board is reviewing its Quality Enhancement Program (QEP) to determine if the Board should continue review of CPA firm attest work at no cost. The QEP Task Force was developed to assist the Board in this review. Early recommendations include ending the Boards program and require a Peer Review like most Boards.

The Accountancy Licensing Library (ALL) was helpful in developing early information for the EWG project.

New Hampshire – (1) SB 407 establishing an office of professional licensure and transferring administrative and clerical operations of certain professional licensing and certification boards to the office. (2) Amendment to SB226 Increasing the Board's Fining Authority. (3) It would be helpful if NASBA had a National Disciplinary Database so that self reporting of disciplinary action on renewals could be cross checked.

New Mexico – Five of the six remaining Board members are serving on expired terms, as the Governor has not replaced them or reappointed them. The seventh Board member resigned, and the Governor has not filled his position. For this reason, the Board is maintaining the status quo but is not undertaking any rulemaking at this time.

Oklahoma – The Oklahoma Accountancy Board has noticed an increase in instances where candidates have passed the examination in a jurisdiction, who have been hired and then

transferred to another jurisdiction where education requirements do not match the original jurisdiction. This creates problems with the candidate attempting to acquire initial licensing.

Oregon – (1) The Oregon Board will launch a new online licensing system for individual licensees who must renew on July 1, 2012. (2) We will again seek the passage of legislation to grant semi-independent status to the Board.

Puerto Rico – We are currently waiting for the approval of a project which will require one year experience before issuing the CPA License for practice in Puerto Rico.

Rhode Island – One position was eliminated in the Board office. Also, the lack of legal counsel and budgetary issues.

South Carolina – (a) On March 13th Governor Haley signed Tax Conformity legislation into law with the support of our Board and the South Carolina Association of CPAs. (b) New Labor, Licensing and Regulation director Holly Gillespie Pisarik, Esq.

Tennessee – Tennessee has been the subject of legislation which would have stripped the Board of any hiring authority for its Executive Director and Investigators and which would have given the Governor the authority to appoint Board members without any vetting process in place. This appears to have been taken off the table during this session, but may come up again in the future. NASBA has provided support during this time which is greatly appreciated!

Tennessee has also adopted a rule change which we believe will assist us in enforcing mobility. If a licensee has ever held a license to practice public accountancy in the State of Tennessee, that license **MUST** be in good standing for the licensee to practice in this state via mobility. The license does **NOT** have to be ‘active’: it can be **CLOSED** which is considered a ‘good’ status. However, the license may not be ‘EXPIRED,’ ‘SUSPENDED,’ or ‘REVOKED.’

Texas – Third Court of Appeals decision affirming the Board’s authority to go into Executive Session to seek the advice of its attorney in a contested case proceeding.

Virginia – The Virginia Board of Accountancy is currently in the second of a three stage process to implement a new (increased) fee structure. It is the Virginia Board of Accountancy’s goal to implement the new fee structure by January 1, 2013.

Washington – (a) The Board is in the rule making process to require Peer Review for all engagements subject to audit, review, compilation, or other attestation standards. The success of that proposal is subject to a current analysis of the financial impact on CPA firms and an Executive Order to limit rule making unless clearly required to protect the public interest.

(b) The Board has established a task force to evaluate the completeness of foreign education credit evaluation service reports and assessing whether statutory or rule changes may be necessary in view of the increase in applications for licensure from foreign based applicants.

(c) The Executive Director is coordinating with NASBA staff on the foreign education issue.

Wyoming – A bill has been introduced – SF0092 – which, if it is passed into law in its original or amended version, **would result in Wyoming becoming NOT substantially equivalent**. The bill is titled “Professional licensing – military members.” The way the bill and the amendment

read, military members would have the right to be issued a certificate, license or registration based solely on work experience gained in the military. The bill and a draft of the amendment were reviewed by NASBA's legal counsel, Noel Allen. He confirmed that our interpretation of the bill, if passed into law without an amendment to ameliorate the impact on substantial equivalency, would result in Wyoming becoming not substantially equivalent. Other jurisdictions have had similar bills introduced which primarily deal with reciprocal licensure for a military spouse. The Wyoming CPA Act already provides for the same thing SF0092 is also calling for with respect to military spouses. In the case of the bill introduced in Wyoming the issue of granting an initial certificate was included.

We have been told that the interpretation wasn't the intent and the bill is being supported by the Department of Defense based on a January 2011 report issued under the Presidential Seal. Mrs. Obama and Dr. (Mrs.) Biden have taken up an initiative called "Strengthening Our Military Families."

The Society is engaged in efforts to educate legislatures on the impact the bill will have on nearly 750 Wyoming CPAs and their potential loss of practice privileges.

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

Input only from Board Chair: AK

Input only from Executive Director: AR, IL, KY, NM, OR, TN, WA

Input from Executive Director and Assistant Attorney General: AZ, IA

Input from Executive Director and Board's Compliance Director: IN

Input only from Board Chair and Executive Director: CO, LA, MO, NC, ND, NH, OK, VA

Input from all Board Members and Executive Director: AL, CA, GU, HI, MS, NE, NJ, NV, TX, WY

Input from some Board Members and Executive Director: ID, KS, RI, SC, SD

Input from all Board Members: PR

Input from some Board Members:

Other (please explain):

4/11/12

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NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

August 2, 2012

To: State Board Chairs, Members and Executive Directors
From: Ted Lodden - Chair, Committee on Relations with Member Boards
Re: Focus Questions

As Chair of the Committee on Relations with Member Boards, I would like to thank you for your participation at NASBA's Regional Meetings and your assistance with our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its member boards, or put another way: "Mission Driven – Member Focused."

I hope you are all making plans to attend NASBA's Annual Meeting, October 28-31 in Orlando, FL, and the Forum of International Accounting Regulators, which will immediately follow it on October 31-November 1. 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 look forward to hearing from you.

Sincerely,

Ted Lodden

Central Director – **Teleford 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) 289-3439
Phone: (704) 283-8189 bglover@gotopotter.com

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

Mountain Director – **Karen Forrest 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 – **Raymond N. Johnson** Phone: (503) 913-5182
johnsonr@pdx.edu

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

Southeast Director – **Jimmy E. Burkes** Fax: (601) 960-9154 Phone: (601) 948-2924
jburkes@hrbccpa.com

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

Southwest Director – **Janice L. Gray** Fax: (405) 364-3771 Phone: (405) 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 October 9, 2012.** Use additional sheets for your responses if needed.*

JURISDICTION _____ **DATE** _____
NAME OF PERSON SUBMITTING FORM _____

1. (a) In the last three years, what organizations have been your Board's top three referral sources of disciplinary cases? (State Society? HUD? SEC? etc.) (b) About how many cases have been referred by each of these in the last year?

2. (a) Can a community college in your state provide sufficient accounting/business courses (excluding principles or introductory accounting courses) to enable an individual holding a baccalaureate in drama, for example, to qualify to sit for the Uniform CPA Examination or for licensure as a CPA? (b) If so, are there qualifications the community college must meet to have its accounting and business courses acceptable to the Board?

3. (a) What services can a "CPA-Inactive" or "CPA-Retired" perform as a volunteer for a charity in your jurisdiction? (b) Does it matter if those services are done for compensation or pro bono? If so, please explain.

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

JURISDICTION _____

5. Are there any issues with which NASBA can help your Board?

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

- Input only from Board Chair**
 - 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):**

8.2.12

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**State of Wisconsin
Department of Safety and Professional Services**

AGENDA REQUEST FORM

Name and Title of Person Submitting the Request: Mojgan Hall		Date When Request Submitted: 9/11/2012	
Items will be considered late if submitted after 5 p.m. and less than:			
<ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before meeting for all other boards 			
Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How should the item be titled on the agenda page? Update from the Great Lakes Regional Director, Kim Tredinnick	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
Describe the issue and action the Board should address:			
If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Late Adds must be authorized by a Supervisor, DOE Division Administrator, and Bureau Director. 3. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.			
Authorization:			
Signature of person making this request			Date
Supervisor (if required)			Date
Division Administrator (if required)			Date
Bureau Director signature (indicates approval to add late items to agenda)			Date

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**State of Wisconsin
Department of Safety and Professional Services**

AGENDA REQUEST FORM

Name and Title of Person Submitting the Request: Mojgan Hall		Date When Request Submitted: 9/7/2012	
		Items will be considered late if submitted after 5 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before meeting for all other boards 	
Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How should the item be titled on the agenda page? Review and Discuss CPA Exam Fee Changes	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
Describe the issue and action the Board should address: Please see the attached CPA Exam Fee documents.			
If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Late Adds must be authorized by a Supervisor, DOE Division Administrator, and Bureau Director. 3. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.			
Authorization:			
Signature of person making this request			Date
Supervisor (if required)			Date
Division Administrator (if required)			Date
Bureau Director signature (indicates approval to add late items to agenda)			Date

From: Kimberly Blevins [mailto:kblevins@nasba.org]
Sent: Friday, August 24, 2012 3:08 PM
To: Hall, Mojgan - DSPS
Subject: Fee changes for the Uniform CPA Examination

The testing fees for the examination are scheduled to change for candidates sitting after January 1, 2013. Due to the length of the Notice to Schedule used for Wisconsin candidates, we are scheduled to begin collecting the new fees October 19, 2012. The AICPA fee will be changing from \$95 per section to \$90 per section. This change will affect the fee we are collecting on behalf of the State of Wisconsin. This fee is to be calculated by Wisconsin's Department of Safety and Professional Services. I have attached a copy of our worksheet with our estimates of the new State fee for DSPS review along with the letters previously sent to State Boards of Accountancy.

I apologize if you are not the correct contact for this request. Let me know if I should send this to someone else for review or if you have any questions.

Thank you.

Note: E-Mail is a non-secure method of communication. Please do not send personal/confidential information (Social Security number, credit card number, bank account information, etc.) via email as there is a risk involved with sending such information via non-secure communication methods. Please contact us via phone or mail at the address indicated below.

Kimberly Blevins
Program Manager

CPA Examination Services (CPAES)
National Association of State Boards of Accountancy (NASBA)
150 Fourth Avenue, North Suite 700
Nashville, TN 37219

Phone and Fax: 615-312-3767
www.nasba.org

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From: "Patricia Hartman" <phartman@nasba.org>
Sent: Monday, January 9, 2012 8:54:18 AM
Subject: 2012 Fee Letter

Dear State Board Chair/President and Executive Director:

Good morning and Happy New Year! Attached is information regarding examination fees for the Uniform CPA Examination during 2012, 2013 & 2014.

A separate letter will be sent explaining the implementation schedule.

Please feel free to contact me with any questions or concerns.

Patricia Hartman
Director of Client Services

National Association of State Boards of Accountancy (NASBA)
150 Fourth Avenue North Suite 700
Nashville, TN 37219

Phone and Fax:615-880-4273
Email: phartman@nasba.org
www.nasba.org

Note: E-Mail is a non-secure method of communication. Please do not send personal/confidential information (Social Security number, credit card number, bank account information, etc.) via email as there is a risk involved with sending such information via non-secure communication method. Please contact us via phone or mail at the address indicated above.

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From: "Ed Barnicott" <ebarnicott@nasba.org>
To: "Mark Muth" <Mark.Muth@prometric.com>, "Michael Decker" <MDecker@aicpa.org>
Cc: kbishop@nasba.org, cconrad@nasba.org, "Patricia Hartman" <phartman@nasba.org>, cmills@aicpa.org
Sent: Saturday, January 7, 2012 6:33:13 AM
Subject: 2012 Fee Letter - FINAL

Mike and Mark,

Attached is the 2012 Fee Letter for release. Pat will be sending this out to the state boards Monday. Thanks for your quick review.

Regards,
Ed

Ed Barnicott
VP, Strategic Planning & Program Management
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219

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**CPA Examination Services
Wisconsin Candidate CBT Fee Schedule**

Candidate fees for all candidate applications received on or after October 19, 2012 will consist of the following:

1. Testing fees:

A. NASBA		
B. AICPA	(National Candidate Database/Score Reporting/ERB)	\$18.00 per section
C. Prometric	(Examination Development and Scoring)	\$90.00 per section
	(Examination Scheduling and Delivery)	\$19.10 per test hour

2. CPAES administrative (additional Prometric fee) \$5.95 per section
(Processing candidate applications)

First-time candidate (regardless of the number of sections) \$135.00

Reexamination candidate:

Four sections \$105.00

Three sections \$90.00

Two sections \$75.00

One section \$60.00

3. Wisconsin State fees:

A. Board		
B. State	Board charges a fee each time a candidate applies	\$15.00

Calculated by DSP (equal to 1% of all fees including State fee but not board fee)

Fee Schedule Using the Fees from Above:

Examination Length (in hours)	Testing Fees (NASBA, AICPA & Prometric)				CPAES	Total Testing & CPAES Fees	State	Board	Total
	AUD	BEC	FAR	REG					
4	4	3	4	3					
First-time candidate									
Four sections	190.35	171.25	190.35	171.25	135.00	858.20	94.00	15.00	\$967.20
Three sections:									
AUD,BEC,FAR	190.35	171.25	190.35		135.00	686.95	76.00	15.00	\$777.95
AUD,BEC,REG	190.35	171.25		171.25	135.00	667.85	73.00	15.00	\$755.85
AUD,FAR,REG	190.35		190.35	171.25	135.00	686.95	76.00	15.00	\$777.95
BEC,FAR,REG		171.25	190.35	171.25	135.00	667.85	73.00	15.00	\$755.85
Two sections:									
AUD,BEC	190.35	171.25			135.00	496.60	55.00	15.00	\$566.60
AUD,FAR	190.35		190.35		135.00	515.70	57.00	15.00	\$587.70
AUD,REG	190.35			171.25	135.00	496.60	55.00	15.00	\$566.60
BEC,FAR		171.25	190.35		135.00	496.60	55.00	15.00	\$566.60
BEC,REG		171.25		171.25	135.00	477.50	53.00	15.00	\$545.50
FAR,REG			190.35	171.25	135.00	496.60	55.00	15.00	\$566.60
One section:									
AUD	190.35				135.00	325.35	36.00	15.00	\$376.35
BEC		171.25			135.00	306.25	34.00	15.00	\$355.25
FAR			190.35		135.00	325.35	36.00	15.00	\$376.35
REG				171.25	135.00	306.25	34.00	15.00	\$355.25

Reexamination candidate									
<u>Four sections</u>	190.35	171.25	190.35	171.25	105.00	828.20	91.00	15.00	\$934.20
<u>Three sections:</u>									
AUD,BEC,FAR	190.35	171.25	190.35		90.00	641.95	71.00	15.00	\$727.95
AUD,BEC,REG	190.35	171.25		171.25	90.00	622.85	69.00	15.00	\$706.85
AUD,FAR,REG	190.35		190.35	171.25	90.00	641.95	71.00	15.00	\$727.95
BEC,FAR,REG		171.25	190.35	171.25	90.00	622.85	69.00	15.00	\$706.85
<u>Two sections:</u>									
AUD,BEC	190.35	171.25			75.00	436.60	48.00	15.00	\$499.60
AUD,FAR	190.35		190.35		75.00	455.70	50.00	15.00	\$520.70
AUD,REG	190.35			171.25	75.00	436.60	48.00	15.00	\$499.60
BEC,FAR		171.25	190.35		75.00	436.60	48.00	15.00	\$499.60
BEC,REG		171.25		171.25	75.00	417.50	46.00	15.00	\$478.50
FAR,REG			190.35	171.25	75.00	436.60	48.00	15.00	\$499.60
<u>One section:</u>									
AUD	190.35				60.00	250.35	28.00	15.00	\$293.35
BEC		171.25			60.00	231.25	25.00	15.00	\$271.25
FAR			190.35		60.00	250.35	28.00	15.00	\$293.35
REG				171.25	60.00	231.25	25.00	15.00	\$271.25



PROMETRIC



NASBA
National Association of State Boards of Accountancy

January 5, 2012

Dear State Board Chair/President and Executive Director:

This letter will officially communicate information regarding candidate fees for the Uniform CPA Examination during 2012, 2013, and 2014.

Prometric Fees

Prometric hourly fees are based on projected test section volume. In last year's fee notification letter, the CBT Steering Group estimated volume would be between 250,000 and 299,999 sections for 2012. As a result, per the CBT Services Agreement as Amended and Revised, the Prometric hourly fee beginning January 1, 2012 is \$19.10. This includes a COLA as provided for in the CBT Services Agreement. This means the Prometric fee has decreased from \$22.05 in 2011 to \$19.10 in 2012 – a decrease of \$2.95 per testing hour. (Over the 14 hours of testing for all four sections, this amounts to a \$41.30 savings for candidates.) The \$5.95 security fee per exam section remains the same. These changes have already been implemented and are included here as information only; no action is required on your part.

The CBT Steering Group estimates that volume will remain between 250,000 and 299,999 sections for 2013; therefore, there will be no change in the Prometric hourly fee for 2013.

NASBA and AICPA Fees

The NASBA and AICPA fees per examination section are currently \$18.00 and \$95.00, respectively. These fees will remain constant for 2012. As announced last year, the AICPA per section fee will be reduced by \$5.00 to \$90.00 beginning January 1, 2013.

Consistent with our contractual obligation to use our best efforts to provide two years' advance notice of NASBA and AICPA fee changes, we are now announcing that the NASBA and AICPA per section fees will remain at \$18.00 and \$90.00 for 2014.

Implementation Schedule

NASBA will provide information under separate cover explaining the implementation schedule for changes to candidate fees.

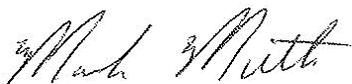
The following table summarizes the 2012-2014 fees.

	NASBA Section Fee	AICPA Section Fee	Prometric Hourly fee	Prometric Identity Fee
2012	\$18.00	\$95.00	\$19.10	\$5.95
2013	\$18.00	\$90.00	\$19.10	\$5.95
2014	\$18.00	\$90.00	TBD	TBD

Sincerely,



Craig N. Mills
AICPA Vice President,
Examinations



Mark Muth
Prometric Vice President,
Market Segments



Colleen K. Conrad
NASBA Executive Vice President
& Chief Operating Officer



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880/4290 ♦ Web www.nasba.org

March 20, 2012

To Executive Directors:

You should have received a letter dated January 5, 2012 from Craig Mills, Mark Muth and Colleen Conrad regarding changes to candidate examination fees during 2012, 2013 and 2014. The purpose of this letter is to describe how those candidate fees will be implemented in 2012.

The new schedule of testing fees will be the following:

AICPA	\$90.00 per section (decrease from the current fee of \$95 per section)
NASBA	\$18.00 per section (no change from current fee per section)
Prometric	\$19.10 per test hour (no change from current fee per hour), plus \$ 5.95 per section (no change from current fee per section)

As has been explained previously, because the AICPA and Prometric will be paid their fees based on when a candidate tests and not when the board (or its designee) submits its Authorizations to Test (ATTs) to the National Candidate Database (NCD), a dilemma is created. NASBA has agreed to manage the financial consequences of this dilemma, by allowing boards (or their designees) to pay the new fees effective with ATTs submitted on or after a specific date. In order for NASBA to do this while minimizing its financial carrying costs, the effective date for ATTs must be moved in advance of the announced effective date of the fee changes. The above fee changes will be paid to the AICPA and Prometric for candidates testing on or after January 1, 2013.

It would not be equitable to have only one effective date for all boards because of the differing lengths of Notices to Schedule (NTSs). Most jurisdictions have an NTS that is valid for six months. However, eight jurisdictions have selected shorter or longer NTS validity periods (TX – 90 days; CA, HI, LA & UT – 9 months; ND, SD & VA – 12 months). If a single effective date was set based on a six-month NTS, candidates in most jurisdictions would be at a disadvantage while candidates in Texas would benefit unfairly. As a result, we have adopted an implementation plan that sets due dates for ATTs related to the length of each jurisdiction's NTS life.

We selected either the 15th (if it falls on a Saturday) or the first Saturday after the 15th of the month as we did in previous years. We have chosen to use a Saturday as the effective date because we found in 2006 using a week day created a larger cutoff and reconciliation problem for the Gateway.

The end result is the following schedule of effective dates:

- Texas (90-day NTS) – November 17, 2012
- California, Hawaii, Louisiana, and Utah (9-month NTS) – August 18, 2012
- North Dakota, South Dakota and Virginia (12-month NTS) – July 21, 2012
- All other boards (6-month NTS) – October 20, 2012

What this means is that any ATT submitted on or after the above dates will be subject to the new fees. Invoice jurisdictions (40, including all 32 CPAES jurisdictions) may have to begin collecting these fees in advance of the above dates so that they will have collected the proper fees from the candidates whose ATTs they submit on or after the above dates. Coupon jurisdictions (15) will not have the same problem although, they will want to notify candidates that any coupons the candidates receive for ATTs submitted on or after the above dates will be at the decreased fees.

If you have any questions about the plan, please let us know.

Sincerely,

Patricia Hartman
Director of Client Services

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**State of Wisconsin
Department of Safety and Professional Services**

AGENDA REQUEST FORM

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		Items will be considered late if submitted after 5 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before meeting for all other boards 	
Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How should the item be titled on the agenda page? Review the Candidate Care Report	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
Describe the issue and action the Board should address: Please see the attached documents.			
If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Late Adds must be authorized by a Supervisor, DOE Division Administrator, and Bureau Director. 3. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.			
Authorization:			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Division Administrator (if required)		Date	
Bureau Director signature (indicates approval to add late items to agenda)		Date	

From: Penny Vernon [mailto:pvernon@nasba.org]
Sent: Wednesday, August 15, 2012 9:16 AM
Subject: Fwd: Candidate Care Report

Attached is the report for the 12Q2 testing window from NASBA's Candidate Care Department. If you have any questions or concerns please contact me either by email or directly at 615-880-4209.

Note: E-Mail is a non-secure method of communication. Please do not send personal/confidential information (Social Security number, credit card number, bank account information, etc.) via email as there is a risk involved with sending such information via non-secure communication method. Please contact us via phone or mail at the address indicated below.

Sincerely,
Penny Vernon
Manager, Candidate Care Department

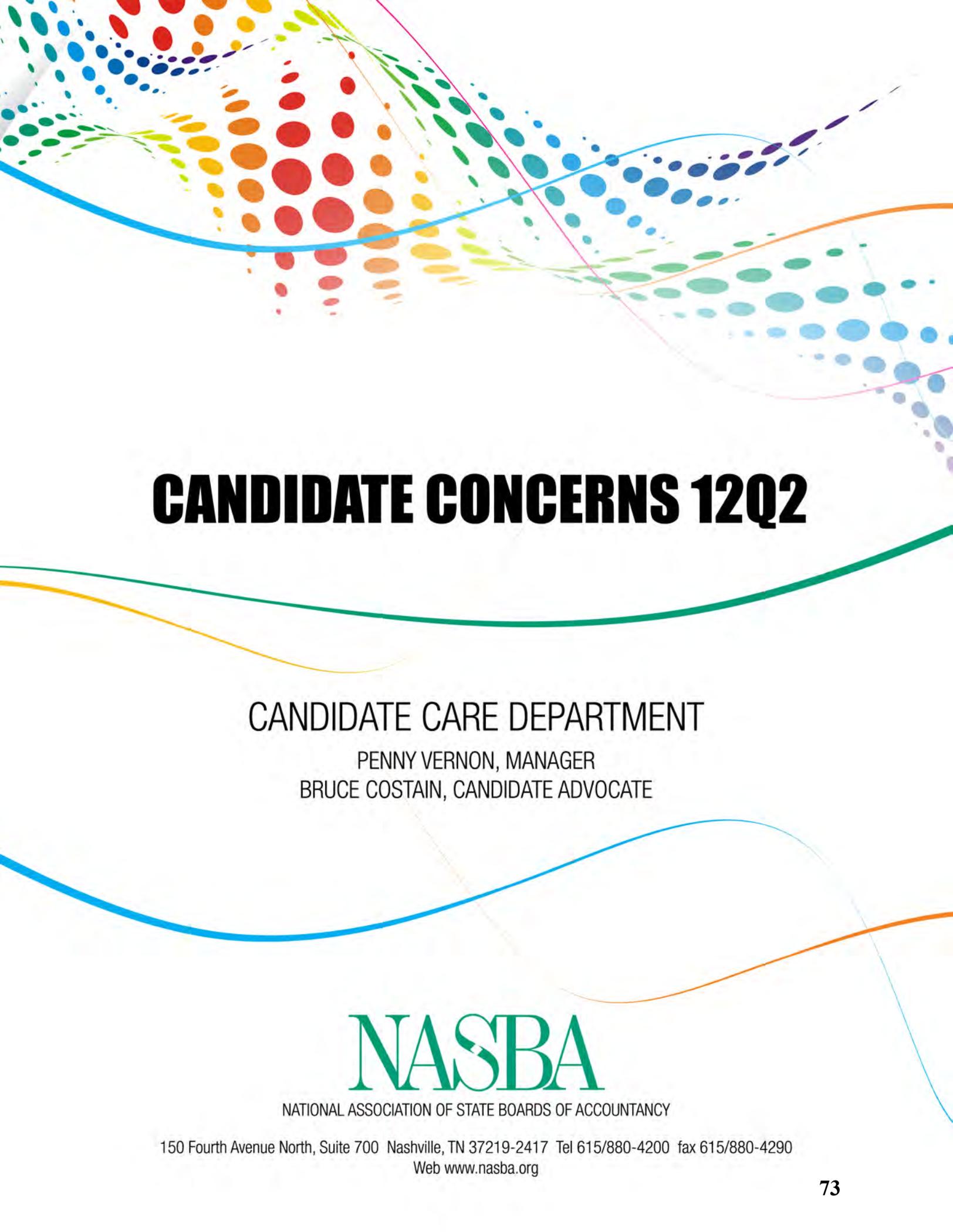
National Association of State Boards of
Accountancy (NASBA)
150 Fourth Avenue North, Suite 700
Nashville, TN 37219

Phone: 615.880.4209
Fax: 615.880.4225
Email: candidatecare@nasba.org
www.nasba.org

IMPORTANT NOTICE TO CANDIDATES:

To prepare for each section of the Uniform CPA Examination candidates are responsible for reviewing the Uniform CPA Examination tutorial and sample tests. Failure to follow the directions provided in the tutorial and sample tests, including the directions on how to respond, may adversely affect candidate scores. The tutorial and sample tests are posted on the CPA Exams website at www.aicpa.org/cpa-exam under the heading Tutorial and Sample Tests.

NOTICE: This email message and all attachments transmitted with it may contain legally privileged and confidential information intended solely for the use of the addressee. If the reader of this message is not the intended recipient, you are hereby notified that any reading, dissemination, distribution, copying, or other use of this message or its attachments is strictly prohibited. If you have received this message in error, please notify the sender immediately by telephone (615-880-4200), and delete this message and all copies and backups thereof. Thank you.



CANDIDATE CONCERNS 12Q2

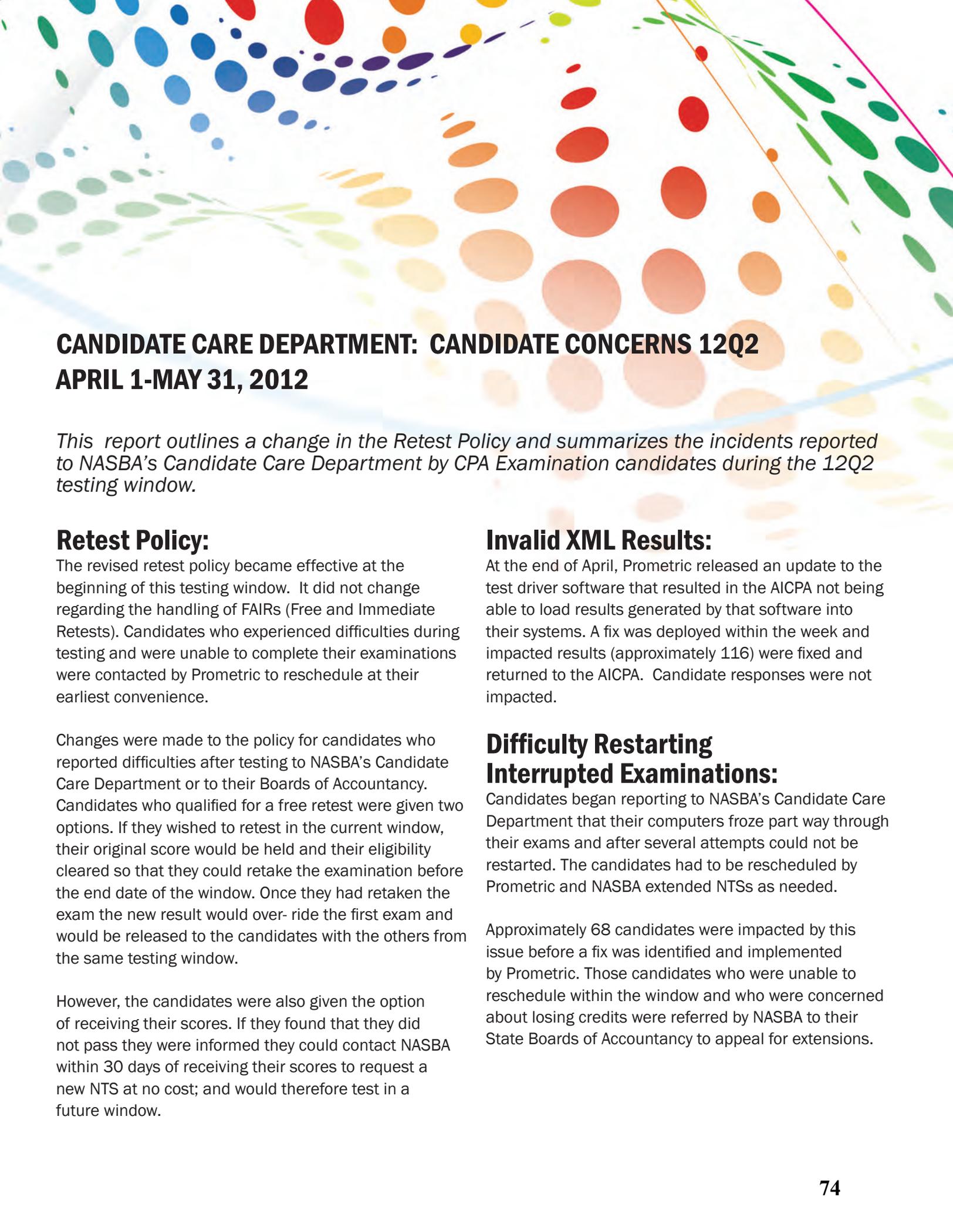
CANDIDATE CARE DEPARTMENT

PENNY VERNON, MANAGER
BRUCE COSTAIN, CANDIDATE ADVOCATE

NASBA

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

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



CANDIDATE CARE DEPARTMENT: CANDIDATE CONCERNS 12Q2 APRIL 1-MAY 31, 2012

This report outlines a change in the Retest Policy and summarizes the incidents reported to NASBA's Candidate Care Department by CPA Examination candidates during the 12Q2 testing window.

Retest Policy:

The revised retest policy became effective at the beginning of this testing window. It did not change regarding the handling of FAIRs (Free and Immediate Retests). Candidates who experienced difficulties during testing and were unable to complete their examinations were contacted by Prometric to reschedule at their earliest convenience.

Changes were made to the policy for candidates who reported difficulties after testing to NASBA's Candidate Care Department or to their Boards of Accountancy. Candidates who qualified for a free retest were given two options. If they wished to retest in the current window, their original score would be held and their eligibility cleared so that they could retake the examination before the end date of the window. Once they had retaken the exam the new result would over-ride the first exam and would be released to the candidates with the others from the same testing window.

However, the candidates were also given the option of receiving their scores. If they found that they did not pass they were informed they could contact NASBA within 30 days of receiving their scores to request a new NTS at no cost; and would therefore test in a future window.

Invalid XML Results:

At the end of April, Prometric released an update to the test driver software that resulted in the AICPA not being able to load results generated by that software into their systems. A fix was deployed within the week and impacted results (approximately 116) were fixed and returned to the AICPA. Candidate responses were not impacted.

Difficulty Restarting Interrupted Examinations:

Candidates began reporting to NASBA's Candidate Care Department that their computers froze part way through their exams and after several attempts could not be restarted. The candidates had to be rescheduled by Prometric and NASBA extended NTSs as needed.

Approximately 68 candidates were impacted by this issue before a fix was identified and implemented by Prometric. Those candidates who were unable to reschedule within the window and who were concerned about losing credits were referred by NASBA to their State Boards of Accountancy to appeal for extensions.

Center/Candidates Not Able to Test:

An increase in Center/Candidate Not Able to Test (CNATT) reports at the end of the window (as a result of center closures for technical reasons) resulted in 139 candidates in Westbury, CT and 29 candidates in Burlington, VT being unable to test. All of the candidates were contacted by Prometric and rescheduled.

In addition to Westbury and Burlington, there were other centers that were not able to test due to unforeseen hardware, software, environmental or weather related issues. Most of these occurred while candidates were testing. In those situations candidates were not able to complete their exams. For these candidates some result files had become corrupted to the point of failure. A total of thirty results were impacted. These candidates were contacted to reschedule their examinations.

Due to the number of candidates who needed to reschedule in the testing window, Prometric extended the window to the end of the first week of June.

Prometric is currently working to identify lessons learned from the events that took place during the 12Q2 window in order to minimize operational impacts going forward.

Conclusion:

As always NASBA's Candidate Care Department has served as an advocate for your candidates, working individually and personally to resolve their various issues. We value the opportunity to serve this population of eager, conscientious and professional individuals as they continue in their efforts to achieve this life-changing goal of becoming a CPA. If you have any questions or concerns please contact Penny Vernon, Manager, Candidate Care, NASBA at pvernon@nasba.org or directly at 615-880-4209.

Candidate Concerns: Categories and Totals					
Window	11Q2	11Q3	11Q4	12Q1	12Q2
Non NASBA	453	721	491	300	453
AICPA & Test Content	11	16	9	12	7
Calculator	0	0	0	5	1
Candidate Error	71	76	55	62	54
Confirmation of Attendance	102	136	109	83	121
Delay/Time Loss	76	122	110	22	15
Environment	0	237	33	18	1
Other	7	8	0	0	0
Prometric Scheduling Issues	38	20	22	16	3
Prometric Site Issues	28	34	43	36	35
Technical	120	72	110	46	216
NASBA	174	246	241	178	172
Coordinator follow-up	78	124	137	95	84
CPAES & NCD	96	122	104	83	88
International Exam	538	407	321	424	361
TOTAL	1,165	1,374	1,053	902	986

**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.*

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**State of Wisconsin
Department of Safety and Professional Services**

AGENDA REQUEST FORM

Name and Title of Person Submitting the Request: Mojgan Hall		Date When Request Submitted: 9/7/2012	
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Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How should the item be titled on the agenda page? Review and Discuss CPA History of Accreditation	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
Describe the issue and action the Board should address: Please see the attached document.			
If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Late Adds must be authorized by a Supervisor, DOE Division Administrator, and Bureau Director. 3. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.			
Authorization:			
Signature of person making this request			Date
Supervisor (if required)			Date
Division Administrator (if required)			Date
Bureau Director signature (indicates approval to add late items to agenda)			Date

Please give me the history of accreditation through the Commission on Institutions of Higher Education (now known as the Higher Learning Commission) of the North Central Association of Colleges and Schools. Why should higher-degree granting institutions be accredited through the Higher Learning Commission of the North Central Association?

The Accounting Examining Board is interested in the above information because a case has come before them where an applicant graduated from an institution which is not accredited by the above mentioned accrediting organization.

Thank you,

Mojgan Hall
Department of Safety and Professional Services

Hi Mojgan

The short answer to your question about why higher-degree granting institutions may want to be accredited through the Higher Learning Commission is because it is recognized by the U.S. Department of Education as a “reliable authority[y] as to the quality of education.” (see <http://www2.ed.gov/admins/finaid/accred/accreditation.html#Overview>)

By federal law, the Secretary of Education must provide criteria, published in the *Federal Register*, for the Department of Education to recognize an accrediting agency. You may view the eligibility requirements from the *Federal Register* here: http://www2.ed.gov/admins/finaid/accred/accreditation_pg13.html

The Department of Education also provides on its website a listing of all national and regional accrediting agencies that are recognized: <http://www2.ed.gov/print/admins/finaid/accred/accreditation.html#NationallyRecognized>

A broader answer to your question is that the U.S. is an outlier compared to most countries’ accreditation process where a department or ministry of education is directly responsible for higher education accreditation. In the U.S. accreditation is through private membership associations, such as the Higher Learning Commission, which may or may not be recognized by the federal government for its quality. However, the Department of Education also recognizes state accrediting agencies.

As for history on North Central Association of Colleges and Schools (of which the Higher Learning Commission is one of two commission members), it was founded in 1895 as one of the first regionally based associations aiming to establish relations and standards between schools. It issued its first list of “accredited” post-secondary schools in 1913. (see <http://unesdoc.unesco.org/images/0012/001292/129295e.pdf> and the HLC website: <http://www.ncahlc.org/About-HLC/about-hlc.html>). As I mentioned, today it is a federally recognized accrediting agency.

Please let me know if you need more resources on this topic or have follow-up questions. I hope this information is helpful.

R.M.
Legislative Analyst
Wisconsin Legislative Reference Bureau

**State of Wisconsin
Department of Safety and Professional Services**

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Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How should the item be titled on the agenda page? Review and Clarify Continuing Education Requirements for Reinstatement	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
Describe the issue and action the Board should address: Review and Clarify Continuing Education Requirements for Reinstatement <input type="checkbox"/> After 5 Year Lapse <input type="checkbox"/> Licensed but not Practicing <input type="checkbox"/> Exam passage where no license is issued			
If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Late Adds must be authorized by a Supervisor, DOE Division Administrator, and Bureau Director. 3. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.			
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**State of Wisconsin
Department of Safety and Professional Services**

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Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How should the item be titled on the agenda page? Update on ALD	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
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**State of Wisconsin
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Name of Board, Committee, Council: Accounting Examining Board			
Board Meeting Date: 9/20/2012	Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How should the item be titled on the agenda page? Update on Assembly Bill 718	
Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	Is an appearance before the Board being scheduled? If yes, by whom? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	Name of Case Advisor(s), if required:	
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