



STATE OF WISCONSIN
Department of Safety and Professional Services
1400 E Washington Ave.
Madison WI 53703

Mail to:
PO Box 8935
Madison WI 53708-8935

Email: dsps@wisconsin.gov
Web: <http://dsps.wi.gov>
Phone: 608-266-2112

Governor Scott Walker Secretary Dave Ross

ACCOUNTING EXAMINING BOARD
Room 121C, 1400 E. Washington Avenue, Madison
Contact: Tom Ryan (608) 266-2112
April 11, 2013

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 of the Board.

AGENDA

9:00 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

A. Welcome New Board Member-Todd Craft

B. Adoption of Agenda (1-3)

C. Approval of Minutes – November 29, 2012 (5-7)

D. Administrative Matters

- 1) Staff Updates
- 2) Paperless Initiative (9-12)

E. Credentialing Matters

- 1) **APPEARANCE** – Kate Tucker: Consideration and Review of Credentialing Process and Defining the Role of the Credentialing Liaison. (13)

F. DLSC Matters

G. Education and Examination Matters

H. Legislative/Administrative Rule Matters:

- 1) Executive Order 50 Review (15-22)
- 2) Executive Order 61-Board Consideration
- 3) Kim Tredinnick-Right the Rules Project Update

I. National Association of State Boards of Accountancy (NASBA)

- 1) NASBA Quarterly Communications (23-56)
- 2) NASBA Focus Questions (57-60)
- 3) NASBA Committee Interest (61-67)

J. Practice Matters

K. Informational Items

L. Items Added After Preparation of Agenda:

- 1) Introductions, Announcements and Recognition
- 2) Presentations of Petition(s) for Summary Suspension
- 3) Presentation of Proposed Stipulation(s), Final Decision(s) and Order(s)
- 4) Presentation of Final Decisions
- 5) Disciplinary Matters
- 6) Executive Director Matters
- 7) Education and Examination Matters
- 8) Credentialing Matters
- 9) Class 1 Hearing(s)
- 10) Practice Matters
- 11) Legislation/Administrative Rule Matters
- 12) Liaison Report(s)
- 13) Informational Item(s)
- 14) Speaking Engagement(s), Travel, or Public Relation Request(s)

M. 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.)

N. Presentation and Deliberation on Proposed Stipulations, Final Decisions and Orders by the Division of Legal Services and Compliance (DLSC):

- 1) **Aimee Morgan – 12 ACC 017 (69-76)**
 - o Case Advisor: **Marion Wozniak**

O. Monitoring

- 1) Steven J. Kadonsky (77-93)
- 2) Terry L. Taylor (95-108)

P. DLSC Matters:

- 1) Case Status Report
- 2) Case Closing(s)
 - a. **12 ACC 011 (109-111)**

Q. 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**
 - Request for Extension of 18 Month Test Window for J.E. (113-114)
- 12) **Application Matters**
 - Application Review (115-117)
- 13) Professional Assistance Program Cases
- 14) Motions

R. Consulting with Legal Counsel

RECONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION

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

T. Board Member Training (119-130)

ADJOURNMENT

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**ACCOUNTING EXAMINING BOARD
MEETING MINUTES
November 29, 2012**

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

Excused: Steven Corbeille

Staff: Mojgan Hall, Bureau Director; Pam Stach, Legal Counsel; David Carlson, Communications Specialist.

Karla Blair, Board Chair, called the meeting to order at 9:05 a.m. A quorum of 5 members was confirmed.

ADOPTION OF AGENDA

MOTION: Lucretia Mattson moved, seconded by Kim Tredinnick, to adopt the agenda as published. Motion carried unanimously.

APPROVAL OF MINUTES

MOTION: Kim Tredinnick moved, seconded by Glenn Michaelsen, to approve the minutes of September 20, 2012 as published. Motion carried unanimously.

NASBA COMMUNICATIONS AND FOCUS QUESTIONS

MOTION: Marion Wozniak, moved, seconded by Kim Tredinnick, to request that all NASBA quarterly communications, including Focus Questions, be included in the Accounting Examining Board Agenda for discussion and consideration by the Board. Motion carried unanimously.

CLOSED SESSION

MOTION: Kim Tredinnick moved, seconded by Glenn Michaelsen, 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: Karla Blair - yes; Lucretia Mattson - yes; Glenn Michaelsen - yes; Kim Tredinnick - yes; Marion Wozniak - yes. Motion carried unanimously. Open session recessed at 11:10 a.m.

RECONVENE TO OPEN SESSION

MOTION: Lucretia Mattson moved, seconded by Glenn Michaelsen, to reconvene in open session at 11:35 a.m. Motion carried unanimously.

VOTING ON ITEMS CONSIDERED/DELIBERATED IN CLOSED SESSION

PROPOSED STIPULATIONS, FINAL DECISIONS AND ORDERS

MOTION: Lucretia Mattson moved, seconded by Marion Wozniak, to adopt the Findings of Fact, Conclusions of Law, Stipulation and Order, in the matter of 11 ACC 013 – Robert Link. Motion carried unanimously.

MOTION: Kim Tredinnick moved, seconded by Lucretia Mattson, to adopt the Findings of Fact, Conclusions of Law, Stipulation and Order, in the matter of 12 ACC 007 – Michael Cuccia. Motion carried unanimously.

MONITORING

MOTION: Kim Tredinnick moved, seconded by Glenn Michaelson, to remove the limitations and reinstate full licensure for Wollack and Wollack, Accountants, SC. Motion carried unanimously.

CASE CLOSING

MOTION: Lucretia Mattson moved, seconded by Marion Wozniak to close case 12 ACC 010 according to the recommendation (P5) by the Division of Legal Services and Compliance. Motion carried unanimously.

APPLICATION MATTERS

MOTION: Lucretia Mattson moved, seconded by Kim Tredinnick, to approve the applications reviewed for today's meeting as noted in the application files of the individuals listed below. Motion carried unanimously.

Adler, David Joseph

Bancroft, Kyle S

Bauer, Steven Michael

Beck, Desirae Lynn

Beseler, Cheryl Ann

Birkett, Joseph R

Buelow, Mark Andrew

Burr, Patrick Edward

Collins, Patrick Edward

Corbett, Daniel Patrick

Davis, Kelly Jean

Fadiran, Temitope O

Gieschen, Philip C

Guilliams-Chan, Catherine Lee

Hanna, Ann Elizabeth

Harvey, Matthew P

Hren, Inna A

Keporos, Kori Elaine

Kieviet, Cynthia Kinn

Kniffin, James Leo III

Lautenschlaeger, David Allen

Laven, Amber Noel

Mansee, Joshua Thomas

Mc Neil, Daniel R

Moorhouse, Steven J

Mortensen, Laura Jean

Newman, Carrie A

Niles, Justin Clark

Parks, Michael Edward

Pugh, Lindsey M

Rintelman, Heather Marie

Rosenwald, Eliot Harris

Schmidt, Michael Lawrence

Sneed, Ryan Allen

Stich, Evan Charles

Sturm, Jo-Ann J

Vande Berg, Ryan L

Vosberg, Pauline I

Winter, Michael Ryan

Zumstein, David Edward

OTHER BUSINESS

MOTION: Lucretia Mattson moved, seconded by Kim Tredinnick to appoint Karla Blair, Kim Tredinnick and Marion Wozniak to consult with Department staff on possible changes to Statutes or Rules related to the Accountancy Licensee Database and initiate any necessary changes. The board also authorizes Kim Tredinnick to contact NASBA for information. Motion carried unanimously.

MOTION: Lucretia Mattson moved, seconded by Kim Tredinnick to accept Karla Blair's appointment of Marion Wozniak as Credentialing Liaison until the Board's next meeting in 2013.

MOTION: Kim Tredinnick moved, seconded by Marion Wozniak, to authorize Mojgan Hall to sign the necessary documents on the Chair's behalf reflecting Board action taken at the November 29, 2012 meeting.

ADJOURNMENT

MOTION: Lucretia Mattson moved, seconded by Kim Tredinnick, to adjourn the meeting at 12:07 p.m. Motion carried unanimously.

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Matthew C. Niehaus, Bureau Assistant		2) Date When Request Submitted: 2/4/2013	
Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 			
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: 4/30/2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Paperless Initiative	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Brief presentation of how Board Members can sign up for SharePoint access as a part of the paperless initiative, as well as instructions for using DSPS laptops.			
11) Authorization			
Matthew C. Niehaus			
Signature of person making this request			Date
Supervisor (if required)			Date
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

How to register for a username/password on <http://register.wisconsin.gov> .

In order to access the Board SharePoint site, Board Members must obtain a State of WI/DOA username/password from this site <http://register.wisconsin.gov> . Once registered, Board Members will be provided a DOA credential under the Wisconsin External (wiext) domain. This account is intended to provide users with access to multiple State of Wisconsin web applications, including the DSPS SharePoint site.

To Begin, use the 'Self Registration' link

DOA/Wisconsin Logon Management System - Windows Internet Explorer provided by State of Wisconsin

http://register.wisconsin.gov/AccountManagement/

wisconsin.gov home state agencies subject directory

Wisconsin Department of Administration | News | Search | Home

[Main Menu](#) | [Help](#) | [FAQ](#)

DOA/Wisconsin Logon Management System

The DOA/Wisconsin Logon Management System allows authorized individuals to access many DOA Internet applications using a single ID and password. When access to information or services is restricted to protect your privacy or the privacy of others, you will be asked to provide your DOA/Wisconsin Logon and password. Your DOA/Wisconsin Logon and password verifies your identity so that we can provide you with access to your information and services and prevent access by unauthorized individuals.

User Acceptance Agreement

Please note that only certain types of information will be stored in your user profile, as described in the [User Acceptance Agreement](#). Your user profile will never contain records such as driving history, tax information, unemployment compensation, vehicle registrations or prison records.

Sign Up for your DOA/Wisconsin Logon

[Self Registration](#) (Request a DOA/Wisconsin Logon and Password.)

Self Registration allows you to create **your personal** DOA/Wisconsin Logon. This is your key to doing secure business with DOA over the Internet.

Change / Update Your Information

[Profile Management](#) allows you to change your account information, e-mail address and other information.

Change Your Password

[Password Management](#) allows you to change your password.

Forgot Your Logon ID or Password?

[Logon ID/Password Recovery](#) allows you to recover a forgotten DOA/Wisconsin Logon and/or Password.

Updated February 6, 2009
DET - Bureau of Business Applications Services
Content Contact: [BRAS/BA](#)

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Customer ID Menu

- :: [Self Registration](#)
- :: [Profile Management](#)
- :: [Password Management](#)
- :: [Forgot your account information?](#)
- :: [User Acceptance Agreement](#)

Not sure if you already have DOA/State of WI account?

Use the 'Forgot Your Logon ID or Password' link to check

After accepting the user agreement, complete the 'Account Creation' form.

Indicate 'SharePoint' under the section entitled, 'Systems You Will Access'

Account Creation

* Indicates Required Field

Profile Information

First Name *
Middle Initial
Last Name *
Suffix
E-Mail *
Use this format 6085551234
Phone ext.
Mailing Address
Street Address
City
State/Province
Zip Code -

Systems You Will Access

Use your mouse to highlight the system that you want to access.

Systems *

Account Information

Your Logon ID must be between 5-20 characters and **CAN** be a combination of letters and numbers. Your Logon ID must not contain spaces or special characters.

Logon ID *
Your Password must be 7-20 characters long and **MUST** contain a combination of letters and either numbers or special characters (except the @ ? / signs). Passwords are case sensitive. Your Password cannot contain the Logon ID.
[Password Tip](#)
Password *
Re-enter Password *

Logon ID/Password Recovery

Enter a question and answer for use if you forget your DOA/Wisconsin Logon ID or Password. Your Secret Question and Secret Answer cannot contain your password.
[Secret Question and Answer Tip](#)

Secret Question *
Secret Answer *

Verification

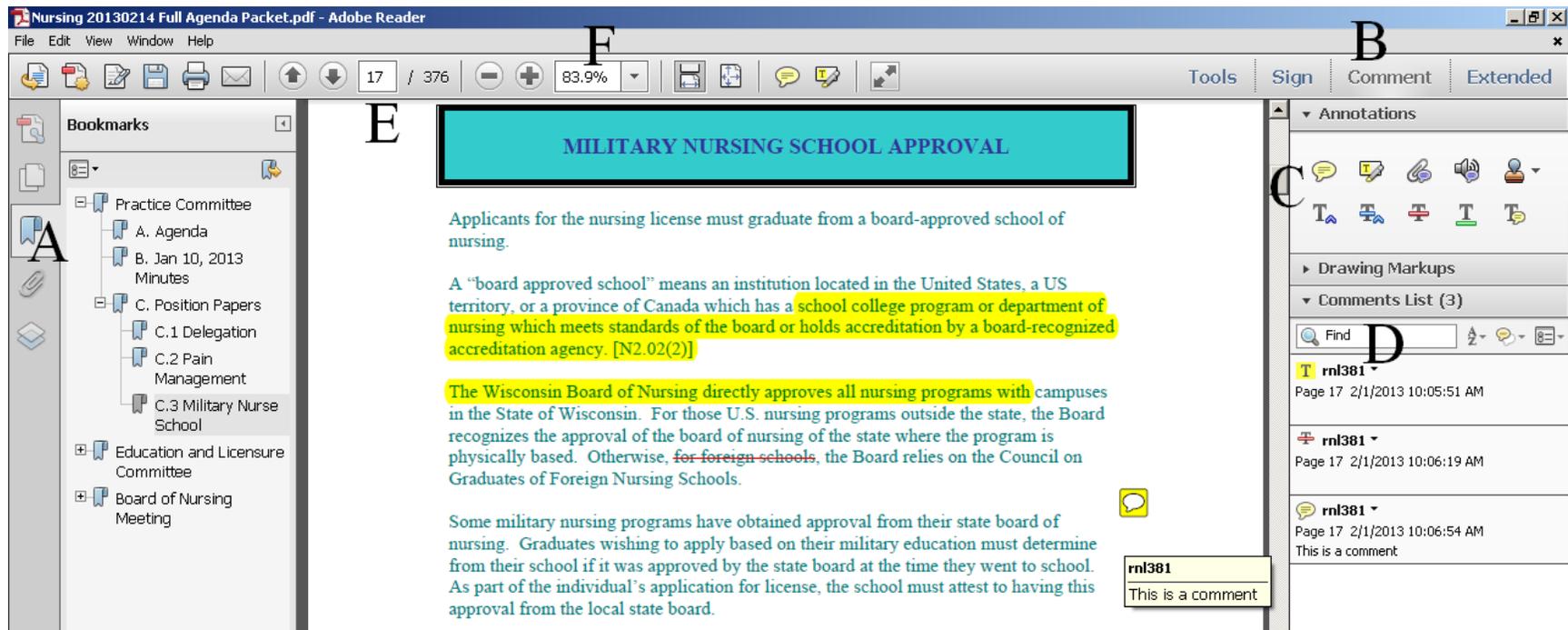
This step helps prevent automated registrations.
If you cannot see the number below [click here](#).

Please enter the number as it is shown in the box to the left. *

Please use a login ID of your first initial followed by your middle initial followed by your last name, as in the example to the left.

Remember your logon ID, as you will need to provide that to DSPS staff in order for you to receive proper access rights.

Once you have been granted permission to access the Board's website, you should receive an automated 'Welcome to SharePoint' email with a link to the site.



Above is an example of an agenda packet page, with some features you can access through Adobe Reader.

A: Bookmarks – When the Bureau Assistant creates the Agenda Packet, it is possible to place in bookmarks for quick reference during meetings. You can expand and minimize categories to better enable you to jump from section to section of your agenda here.

B: Comment – On specially designated .pdf files, it is possible for Adobe Reader to be given comment privileges. This allows a Board member to make comments on documents, as well as edit, highlight, or insert text in suitable files. Please note, if the file is a scanned copy, it is likely that the highlight and text editing features will not be usable. The comment feature will still work in such an issue.

C: Annotations & Drawing Markups – These are the different options you can use to mark up your document for your reference. If you mouse over an option, it will give a brief description of what it can do for you. Feel free to experiment and find out what works best for you!

D: Comments List – Quickly jump between your comments by selecting them in this list. Never again will you miss out on a note during a discussion with this handy tool.

E: Page List – No more rifling through papers in order to track down that page someone mentioned! With this handy bar, you can simply type in the page you are looking for, hit enter, and Adobe Reader will take you directly to the page.

F: Zoom – Having trouble reading something? You can zoom in and out on a document with this bar. The plus and minus signs to the left can be used to make quick adjustments as well.

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Mojgan Hall		2) Date When Request Submitted: 1/7/2013	
		Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: April 30, 2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Consideration and Review of Credentialing Process and Defining the Role of the Credentialing Liaison(s)	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input checked="" type="checkbox"/> Yes Kate Tucker <input type="checkbox"/> No	9) Name of Case Advisor(s), if required: N/A	
10) Describe the issue and action that should be addressed: The assigned member(s) of credentialing staff will appear and provide the Board with an overview of the credentialing process for the credentials under its purview. Additionally, the Board should work to define the role(s) of its credentialing liaison(s) in an effort to clarify its expectations in terms of credentialing liaison work.			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)		Date	
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

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3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: April 30, 2013	5) Attachments: x Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Executive Order 50 Position Statement Review	
7) Place Item in: x Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing?	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Review position statements to ensure compliance with statutes, rules and EO 50. http://gllf-regwatch.org/documents/regulatory/other/Executive_Order_50_11_2_11.pdf			
11) Authorization			
Signature of person making this request			Date
Supervisor (if required)			Date
Bureau Director signature (indicates approval to add post agenda deadline item to agenda)			Date

Positions Statements Related to the Practice of Accounting Issued by the Accounting Examining Board

WHAT ARE ATTEST SERVICES?

[Wis. Stat. § 442.001\(1\)](#) and [Chs Accy 1.003 and Accy 1.205](#), Wisc Admin Code define attest services as any of the following:

An audit or any other engagement that is performed or intended to be performed in accordance with the *Statements on Auditing Standards* issued June 1, 2003 by the Auditing Standards Board of the American Institute of Certified Public Accountants.

A review of a financial statement that is performed or intended to be performed in accordance with the *Statements on Standards for Accounting and Review Services* issued as of June 1, 2003 by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. An examination of prospective financial information that is performed or intended to be performed in accordance with *Statements for Attestation Engagements* issued as of June 1, 2003 by the Auditing Standards Board, the Accounting and Review Services Committee, and the Consulting Services Executive Committee of the American Institute of Certified Public Accountants.

WHEN IS A CPA CERTIFICATE REQUIRED TO PRACTICE ACCOUNTING?

Generally, if a person practices in Wisconsin as a certified public accountant, holds himself or herself out to be a CPA or provides attest services, the person and the person's firm must be licensed as certified public accountants. The Wisconsin Supreme Court ruled in 1965 in *Tom Welch Accounting Services v. Walby* that non-CPA's may keep books, make trial balances or statements, and generally practice accountancy, but the use of their audits or reports under the guise that they were made by a CPA or public accountant is prohibited.

[Wis. Stat. § 442.03](#) states that "no person may lawfully practice in this state as a certified public accountant either in the person's own name, or under an assumed name, or as a member of a firm, unless the person has been granted by the examining board a certificate as a certified public accountant, and unless the person and firm have complied with all of the provisions of this chapter, including licensure."

[Wis. Stat. § 442.029\(1\)\(m\)](#) states that a person shall be considered to be in practice as a certified public accountant, if any of the following conditions are met:

§ "(a) The person holds himself or herself out to the public in any manner as one skilled in the knowledge, science, and practice of accounting, and as qualified and ready to render professional service therein as a certified public accountant for compensation.

§ "(b) The person maintains an office for the transaction of business as a certified public accountant or, except as an employee of a certified public accountant, practices accounting, as distinguished from bookkeeping, for more than one employer.

§ “(c) The person offers to prospective clients to perform for compensation, or performs on behalf of clients for compensation, professional services that involve or require an audit of financial transactions and accounting records.

§ “(d) The person prepares for clients reports of audits, balance sheets, and other financial, accounting and related schedules, exhibits, statements or reports that are to be used for publication or for credit purposes, or are to be filed with a court of law or with any other governmental agency, or for any other purpose.

§ “(dm) The person provides or offers to provide an attest service.

§ “(e) The person, in general or as an incident to such work, renders professional assistance to clients for compensation in any or all matters relating to accounting procedure and the recording and presentation of financial facts.

§ “(f) The person signs or affixes his or her name or any trade or assumed name used by the person in his or her business or profession to an opinion or certificate attesting to the reliability of any representation or estimate in regard to any person or organization embracing financial information, financial transactions or accounting records.”

CAN I PRACTICE ACCOUNTING WITHOUT A CPA LICENSE?

[Wis. Stat. § 442.025](#) states that a CPA certificate is not required for:

Persons employed by a licensed public accountant or a licensed firm to serve as accountants if certain conditions are met. Please see the statute for more information.

Practicing attorneys who render accounting services in connection with their professional work. People employed by more than one person for the purpose of keeping books, making trial balances, or statements, and preparing reports, if certain conditions are met. Please see statute for more information. A person who’s principal place of business or residence is not within the state, if certain conditions are met. Please see statute for more information.

A person who performs services or duties involving the use of accounting skills, including management advisory services, the preparation of tax returns, and the preparation of financial statements without issuing reports on the statements. A person who prepares financial statements and issues information thereon that does not purport to be in compliance with the statement on standards for accounting review services issued by the American Institute of Certified Public Accountants.

CAN A CPA WITHHOLD FINANCIAL RECORDS FROM A CLIENT UNTIL THE CLIENT PAYS THE CPA?

[Accy 1.401\(2\)](#) states that retention of client records after a demand is made for them is considered an act discreditable to the profession and is therefore prohibited. However, a

CPA his or her working papers to enforce payment because working papers are the property of the CPA.

MAY A CPA DO WORK FOR AN UNLICENSED FIRM?

[Ch Accy 1.404\(2\)\(c\)](#), Wisc Admin Code states that a conflict of interest exists when a CPA or a firm of such persons who are licensed become associated with or employed by non-licensed individual or firm offering accounting, tax, or consulting services ... in such a way that third parties could interpret or conclude that attest services are performed or offered by both the non-licensed individuals or firm and the licensed CPA. A conflict of interest also exists if the services of the licensed CPA or firm can be influenced or decisions altered by the non-certified associate or employer.

DOES WISCONSIN HAVE A 150-HOUR EDUCATION RULE?

Yes, [Wis. Stat. § 442.04\(4\)\(bm\)](#) and [Ch Accy 7.035](#), Wisc Admin Code states that a person may not take the CPA examination unless the person has completed at least 150 semester hours of education with an accounting concentration at an accredited university.

MAY A PERSON TAKE THE ACCOUNTING EXAMINATION IF HE OR SHE DOES NOT HAVE A DEGREE IN ACCOUNTING?

Generally, a person may not take the CPA examination unless the person has completed at least 150 semester hours of education with an accounting concentration at an accredited institution, and has received a bachelor's degree or higher with an accounting concentration from an institution. However, under its rules, the examining board may review individual educational experiences to determine whether a person has other qualifications that provide the reasonable equivalence of a resident major in accounting. Please see [Wis. Stat. 442.04\(4\)\(bm\)](#) and [Ch Accy 7.035](#), Wisc Admin Code for further information.

IF A PERSON HOLDS A CPA LICENSE IN ANOTHER STATE, DOES THAT PERSON NEED A LICENSE TO PRACTICE IN WISCONSIN?

[Wis. Stat. 442.025\(4\)](#) states that a person does not need a license if that person meets the following conditions:

The principle place of business or residence is not in Wisconsin

The person holds a valid certified public accountant certificate or license from another state that the National Association of State Boards of Accountancy Qualification Appraisal Service has verified to be in substantial equivalence with the certified public accountant licensure requirements of certain organizations. Please see the statute for a complete list of such organizations.

MAY A CPA CHARGE A CONTINGENT FEE OR RECEIVE A COMMISSION OR REFERRAL FEE?

[Ch Accy 1.302\(1\)](#), Wisc Admin Code states that a CPA may charge a contingent fee provided that the accountant and the client make a contingent fee agreement in writing, which states the method by which the fee is to be determined and describes all costs and expenses to be charged to the client. However, [Ch Accy 1.302\(2\)](#) states that no CPA may receive a contingent fee from any person for whom the accountant performs attest services during the period of the attest services engagement or the period covered by any historical financial statements involved in the attest services. [Ch Accy 1.302\(3\)](#), Wisc Admin Code states that a CPA may receive a commission provided that the time the referral or the recommendation is made, the accountant informs the client in writing of the amount and the reason for the commission. However, [Ch Accy 1.302\(4\)](#) states that no CPA may receive a commission from any person for whom the accountant performs attest services during the period of the attest services engagement or the period covered by any historical financial statements involved in the attest services. [Ch Accy 1.302\(5\)](#), Wisc Admin Code states that no CPA may receive a referral fee unless the CPA who accepts the referral fee discloses to the client, in writing, at the time of the referral is made the amount of and the reason for the referral fee, and the CPA who pays the referral fee discloses the same information within 30 days, in writing. Please see [Ch Accy 1.302](#), Wisc Admin Code for complete information.

WHAT IS THE WISCONSIN PEER REVIEW REQUIREMENT?

[Wis. Stat. 442.087\(2\)](#) states that the Department may not renew a license of a firm unless, at least once every three years, the firm undergoes the peer review that is specified in the rules, and that is conducted by a person, approved by the examining board under the rules, who is not affiliated with the firm or members of the firm undergoing the review.

WHEN IS A FIRM LICENSE REQUIRED?

[Wis. Stat. 442.03](#) states no person may lawfully practice in this state as a certified public accountant either in the person's own name or as a member of a firm unless the person has been granted by the examining board a certificate as a certified public accountant, and unless the person and firm have complied with all of the provisions of this chapter, including licensure.

MAY A CPA FIRM BE OWNED BY A PERSON WHO IS NOT A CPA?

[Ch Accy 1.408\(2\)](#), Wisc Admin Code states that an applicant for a license as a certified public accounting firm shall demonstrate that more than 50% of the ownership interest of the firm is held by individuals who hold certificates or licenses to practice as certified public accountants issued under the laws of any state or foreign nation. [Ch Accy 1.408\(3\)](#) states that a firm applying for licensure meets the ownership requirements if:

The applicant is a sole proprietor and the owner holds a certificate or license as a CPA,

If the applicant is organized as a service corporation and more than 50% of the voting rights are held by individuals who are CPAs,

If the applicant is organized as a business corporation and more than 50% of the voting rights are held by individuals who are CPAs,

If the applicant is organized as a partnership or limited liability corporation and more than 50% of the voting rights are held by individuals who are CPAs,

An applicant firm with ownership characteristics other than those identified may submit information about the ownership interests of all members of the firm to the board for further consideration.

IF A FIRM ADDS A NEW PARTNER, DOES THAT FIRM NEED TO APPLY FOR A NEW LICENSE?

[Ch Accy 4.07](#), Wisc Ad min Code states that the board must be notified in writing of changes in the members of the firm or changes in the firm name no later than 30 days after the change. Furthermore, reorganizations, mergers, or comparable changes in which a new firm is created shall make application and the new firm licensed before practice can be commenced.

IF ONE OF THE OWNERS OF THE CPA FIRM IS NOT A CPA AND THE NAMES OF NON-CPA OWNERS MAY NOT BE USED IN THE FIRM NAME, ARE WE ALLOWED TO USE THE TERM “AND COMPANY” IN THE NAME TO IDENTIFY THAT OTHER FIRM OWNERS EXIST?

[Ch Accy 1.405\(2\)](#), Wisc Admin Code states that no person engaged in practice as a CPA may use a business name or designation that is misleading as to the number of people in the firm. In order to use the term “and company” in a firm name, more than 50% of the ownership interest in the firm must be held by licensed CPAs. Merely employing another CPA who does not have equity in the firm is not sufficient. See ACCY 1.408 also.

DOES A SOLE PROPRIETOR NEED TO OBTAIN A FIRM LICENSE?

Yes, Wis. Admin. Code ACCY 4.03 states that an individual practicing as a sole proprietor shall be licensed as an individual. Once so licensed, shall also be licensed as a firm.

MAY A SOLE PROPRIETOR USE A NAME THAT SUGGESTS MULTIPLE SHAREHOLDERS (EX. JAMES AND JAMES)?

[Ch Accy 1.405\(2\)](#), Wisc Admin Code states that no person engaged in practice as a CPA may use a business name or designation that misleads the public. However, names of one or more past partners or shareholders may be included in the firm name of a successor partnership or corporation. If all partners withdraw, leaving a sole practitioner, the sole practitioner may continue to practice under the same name for a maximum of two years.

DOES A CPA FIRM OUTSIDE OF WISCONSIN NEED A FIRM LICENSE IF IT HAS LICENSED WISCONSIN CPAS AND/OR WISCONSIN CLIENTS?

[Ch Accy 4.04](#), Wisc Admin Code states that firms without a bona fide office in the state, as described in [Ch Accy 4.06\(2\)](#) may be licensed if there is a licensed Wisconsin CPA designated as the individual responsible for the firm's compliance with [Wis. Stat. 442](#), for the Wisconsin engagement(s).

MAY A CPA HAVE OWNERSHIP IN MORE THAN ONE FIRM?

Yes. There are no restrictions in the Wisconsin Statutes or the Wisconsin Administrative Code that would prohibit ownership in multiple firms.

WHAT TYPE OF EXPERIENCE IS EQUIVALENT TO PUBLIC ACCOUNTING?

The Accounting Examining Board has determined that the following experience is equivalent to public accounting:

- Financial statement preparation
- Financial statement consolidation
- Trial Balance/General Ledger/Fixed Asset
- Audit support
- Software conversion/installation of financial systems
- Account reconciliation
- Expense account analysis
- Tax payments and returns, payroll management
- Budget preparation, operating and capital
- Product costing
- Developing, testing internal controls
- Capital budgeting support
- Analysis of financial statements or budgets
- Analysis of information flows and accounting processes
- Research of accounting literature or tax codes
- Conducting internal audits
- Assigning accounting codes to invoices
- Preparation of journal entries
- Income tax preparation and projects—individual and corporate
- Financial Consulting
- Analysis of “base case” financial models and buyer's lists
- Analysis as to Financial buying and discounted cash flow

The Accounting Examining Board has determined the following experience is not equivalent to public accounting.

- Cash Register Clerk

- Restaurant Manger
- Secretarial support
- Preparation of real estate sale closing statements
- Bank Trust Department Account Officer
- Analysis of insurance claims
- Supervision of Purchasing clerks
- Bank Teller

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Mojgan Hall Executive Director		2) Date When Request Submitted: 2/13/2013 Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: 4/11/2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? NASBA Quarterly Communication	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Please See the Attached Documents.			
11) Authorization			
Mojgan Hall			
Signature of person making this request			Date
Supervisor (if required)			Date
Executive Director signature (indicates approval to add post agenda deadline item to agenda)			Date
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

MEMORANDUM

February 4, 2013

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 October 26, 2012 meeting of the Board of Directors
- Highlights of the January 25, 2013 Board of Directors' meeting

We have some important meetings coming up in Tucson, AZ: the State Board Legal Counsel Conference scheduled for March 3-5 and the Executive Directors and State Board Staff Conference on March 3-6. We hope your state will be represented at these events. If your Board cannot afford to send its delegate, NASBA will provide a scholarship covering travel, lodging and conference fee to enable his or her participation at the Legal Counsel or Executive Directors' meetings. Just contact NASBA Communications Director Thomas Kenny (tkenny@nasba.org) to arrange for a scholarship. Our goal is to have all states represented at these two meetings.

Similarly, we want you to start thinking about our Regional Meetings: Western Regional in New Orleans, LA, June 5-7 and Eastern Regional in Chicago, IL, June 26-28. We'd like to see at least one of your Board members at a Regional Meeting, preferably the one being held in your half of the country. If funding is a problem for your state, contact Tom Kenny. Come share your thoughts with us at these interactive meetings. There will also be new State Board Member orientation programs on June 5 in New Orleans and June 26 in Chicago, with scholarships for those starting their Board service since June 1, 2012. Again, contact Tom Kenny for details.

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.

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 November 15, 2012 and January 3, 2013. Responses which indicated nothing to report have not been included in this summary.

Respectfully submitted,

*Jefferson M. Chickering (NH) – Chair, Committee on Relations with Member Boards
Northeast Regional Director*

Jimmy E. Burkes (MS) – Southeast Regional Director

Donald Aubrey (WA) – Pacific Director

Bucky Glover (NC) – Middle Atlantic Regional Director

Janice L. Gray (OK) – Southwest Regional Director

Douglas W. Skiles (NE) – Central Regional Director

Kim Tredinnick (WI) – Great Lakes Regional Director

Karen Forrest Turner (CO) – Mountain Regional Director

1. (a) What level of accounting service rendered by a licensee should be subject to peer review? A recent ARSC (AICPA Accounting and Review Services Committee) exposure draft proposed a level of accounting service (unaudited) with no report letter from the licensee and the accounting service would be exempt from peer review. (b) Should this service be subject to peer review?

Alabama – (a) Audits, reviews and compilations. (b) Accounting services with no report letter from the licensee should be exempt from peer review. (c) Is white paper compilations by CPAs where the profession should be headed? This concept seems to be a step backwards from delivering professional services.

Alaska – (a) AS 08.04.426 and 12 AAC 04.600-.690

Currently in Alaska peer review is required for those that issued a report on audited or reviewed financial statements during the concluding licensing period.

(b) Not according to our current statutes/regulations – the Board has not discussed & is not scheduled to meet prior to submission of this set of focus questions.

Arizona – R4-4-454 requires that each firm that performs restricted financial services or full disclosure compilation services complete a peer review. The rule requires firms that provide non-disclosure compilation service be subject to an Educational Enhancement Review but the Arizona Board based on recent discussions is likely to include non-disclosure compilations in the peer review requirement to be consistent with the AICPA program requirements and because of the growing number of concerns with the educational enhancement reviews.

California – (a) The California Board of Accountancy requires licensees that perform any services using the following professional standards to be subject to peer review: Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARS), Statements on Standards on Attestation Engagements (SSAEs), Government Auditing Standards, and audits of non-Security Exchange Commission (SEC) issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB). (b) The California Board of Accountancy excludes the following from peer review: (1) Any of a firm's engagements subject to inspection by the Public

Company Accounting Oversight Board as part of its inspection program. (2) Firms, which as their highest level of work, perform only compilations where no report is issued in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).

The California Board of Accountancy recently instituted mandatory peer review which is part of the California Board of Accountancy's commitment to consumer protection by enhancing the quality of accounting services in California. The California Board of Accountancy members expressed concern that the proposed changes to professional standards could potentially decrease the number of CPAs that are peer reviewed and thus decrease consumer protection.

Guam – (a) Any financial report that a licensee is associated with should require a report letter and be subject to peer review. (b) Guam law requires peer review for any licensee issuing compilations, as well as reviews, audits and other attest services.

Idaho – (a) Audits, reviews, compilations and some consideration should be given to valuations. (b) An accounting service with no report, we feel this service should not be subject to peer review.

Indiana – (a) Financial statements, compilations, reviews and auditing work. (b) Exempt. From an overall Board standpoint, seems there should be some accountability for doing such work. And if it is exempt does that also allow anyone to do such work, not just CPA's?

Iowa – (a) Compilations, reviews, audits. (b) No.

Kentucky – (a) In January of this year the Board amended its regulation on peer review and eliminated the exemption for compilations without disclosures. This was based upon findings that when these compilations were reviewed by an investigator they were normally deficient and if debt was included in the report the client was likely showing the report to a bank or other lending institution to obtain or refinance a loan.

Louisiana – (a) In general, peer review should cover accounting services in which the licensee substantially participates in the issuance or presentation of a client's financial statements or with the attest report issued thereon. (The ARSC exposure draft* proposes to allow licensees to "prepare" a client's "unaudited" financial statements and that such service would not be subject to peer review. The "unaudited" statements would not be "compiled, reviewed or audited". Such financial statements would contain disclosure of the fact that they were not compiled, reviewed, or audited.) (b) Yes. All firms that either prepare client financial statements -or- engage in attest services should enroll in peer review. The peer review for "unaudited" financial statements could consist of (i.) a review of internal firm documentation containing the firm's policies and procedures on its financial statement engagements and (ii.) a review of samples of clients' statements that demonstrate that the "unaudited, etc" disclosure appears on the face of the financial statements. For firms that only do this type of engagements (do not perform any "attest" services) this process would be a simplified "peer review" procedure, and presumably could be conducted by the peer review committee staff at a nominal cost to the firm.

* Proposed Statements on Standards for Accounting and Review Services: *Association With unaudited Financial Statements*

Mississippi – (a) Mississippi follows the AICPA peer review standards. Audits, Reviews, Compilations, Prospective Financials require peer review. (b) Yes, these described services should be subject to peer review.

Missouri – (a) All accounting services should be subject to peer review. The Missouri Statutes require firms that perform even one compilation, review or attestation to be subject to peer review. (b) Yes, this service should be subject to peer review.

Montana – (a) All levels except the new unaudited. (b) No.

Nevada – (a) Nevada requires Peer Review for individuals that perform Audit, Review, Full Disclosure Compilations or Attestation Engagements. (b) Yes the Board believes this should be considered for possible Peer Review.

New Hampshire – (a) Attest services and compilations are subject to peer review in New Hampshire. (b) The Board has no opinion as they have not thoroughly reviewed the Exposure Draft.

New Jersey – (a) Audit, review, compilations (accompanied by a report). (b) No.

New Mexico – (a) New Mexico follows the AICPA peer review standards; therefore, the report mentioned here falls under SSARS 8 as a “management use only” report. These are presently subject to peer review. (b) These services should be covered by peer review, as the accountant is associated with their preparation and presentation.

New York – The NYS Education Law requires registrations of firms that provide attest services. Exceptions to the registration of the peer review program are sole proprietorships and firms with two or fewer accounting professionals. There are no exceptions when a firm provides attest services to a governmental entity. The Education Law defines attest services:

1. "Attest" means providing the following public accountancy services which all require the independence of licensees:
 - a. any audit to be performed in accordance with generally accepted auditing standards or other similar standards, developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations;
 - b. any review of a financial statement to be performed in accordance with standards, developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations;
 - c. any examination to be performed in accordance with attestation standards developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations; or
 - d. any engagement to be performed in accordance with the auditing standards of the public company accounting oversight board.

The Education further defines compilation as:

"Compilation" means providing a service that presents, in the form of financial statements, information that is the representation of the management or owners of the client without undertaking to express any

assurance of the accuracy of the information in the statements, to be performed in accordance with standards, developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations.

Therefore, under the current NYS Laws, the service would not be included in the peer review program.

North Carolina – (a) Our Board requires the current level of accounting services required by the AICPA for peer review to be subject to peer review. (b) Our Board is waiting for the final exposure draft as approved by the AICPA, NASBA, and the UAA Committee before considering any changes to its rules regarding peer review requirements.

North Dakota – (a) Audit, Review & Compilation services. (b) No.

Oklahoma – (a) Audits, reviews and any services requiring a report should be subject to peer review. (b) Services provided where no report is issued should not be subject to peer review.

Oregon – (a) Oregon subjects attest and compilation services. (b) If there is no “product” resulting from the service (such as statements or conclusion report) and is not relied upon by third parties, then the service should be exempt from peer review as presented in the draft.

Pennsylvania – (b) Yes, it would be subject to peer review similar to the treatment of compilations.

Puerto Rico – (a) Audits compilations and review. (b) No.

South Carolina – (a) The Board can see it both ways; according to South Carolina statute work performed under SAS or SSARS requires peer review. (b) Yes.

South Dakota – The South Dakota Board does not agree with the exposure draft and believes that a report should be attached to accounting services described. If we do not have a report and then do not have any form of peer review conducted then what type of quality control and quality review is there?

Tennessee – (a) Reviewed financial statements and audited financial statements should be subject to peer review. (b) No.

Texas - Audits, reviews, and compilations should be performed in accordance with professional standards and should be subject to peer review to assure that these services are properly performed and the public is protected. The lack of a report should not minimize the need for a quality product and thus peer review and the public’s protection.

Virginia – (a) In Virginia, only a firm can provide attest or compilation services. Such firm shall obtain a Virginia CPA Firm License if the principal place of business in which it provides those services is in Virginia. Firms providing attest and compilation services in Virginia must enroll in an applicable monitoring program of the AICPA. However, in cases where a firm submits unaudited financial statements to his/her client that are not expected to be used by a third party (compilation for management’s use only) and no when no report is issued, the firm would not be subject to peer review (unless the firm also performs services and issues reports on other engagements that are within the

scope of the standards). (b) The Board has not addressed this issue; however, the Virginia Society of CPA's (VSCPA) is preparing a comment letter and will oppose this type of service.

Washington – The Public Accountancy Act (The ACT-RCW 18.04) of the State of Washington states, in part:

It is the policy of this state and the purpose of this chapter::

- To promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental;
- To protect the public interest by requiring that persons who hold themselves out as licensees or certificate holders conduct themselves in a competent, ethical, and professional manner; and
- The Board may by rule implement a quality assurance review program as a means to monitor licensee's quality of practice and compliance with professional standards.

Washington State legislators have questioned the agency's Executive Director as to why the profession and the Board do not promote and attest to the reliability of non-financial information such as accounting data and non-financial performance measures.

Although Board rule WAC 4-30-130 currently limits the quality assurance review requirements to firms providing assurance services, this Executive Director believes that any reasonable interpretation of the ACT implies that accounting and other professional services could be made subject to peer review by Board rule.

Given that the Board's ethics rules require integrity, objectivity, and competency by all credentialed persons, including employees thereof, when rendering any professional service, the Executive Director suggests non-attest services would be subject to the Board's quality assurance program as a matter of public expectation and protection.

Wisconsin – If no report letter is being issued by the accountant, and no assurance or responsibility is being taken for the information, and the information is being used for internal purposes only, I can see this report being exempt from the requirements of peer review.

2. The AICPA's new Financial Report Framework for SMEs (small and medium entities) has been characterized as "non-authoritative" guidance. (a) How will your Board view a licensee's work and report based on this framework? (b) At one point the AICPA was going to eliminate OCBOA (other comprehensive basis of accounting) language. Does your state include reference to OCBOA in its rules or law?

Alabama – (a) It will be treated as OCBOAs are currently. (b) No.

Alaska – (a) We do not regulate compiled financial statement preparation. If a review or audit report is issued, regardless of the method of accounting, you have to be a licensed CPA. (b) No

Arizona – The Arizona Board does reference "comprehensive basis of accounting" language in its definition of financial statements.

California – (a) The work will be treated the same as we treat reports of financial statements prepared in accordance with a special purpose framework. (b) There is a reference to OCBOA in California Board of Accountancy Regulations, Article 5, Section 37, regarding reissuance of a cancelled CPA license. Specifically, the California Board of Accountancy requires a certified public accountant whose certificate has been cancelled for failing to renew within five years following its expiration, to complete 48 hours of continuing education (within three years preceding the date of application for reissuance). For an applicant whose reissued certificate will not authorize signing reports on attest engagements, courses in general accounting, and other comprehensive basis of accounting is required.

Guam – (a) Guam will consider a licensee’s reporting based on the FRF for SMEs as it would work performed in accordance/compliance with any other applicable standards and guidance, authoritative as well as non-authoritative. (b) Guam law and rules do not specifically reference “OCBOA” language, but indirectly refers to such in a rule regarding the definition of financial reports.

Idaho – (a) If the Financial Report Framework for SME’s is allowed, we would review it under peer review. (b) Our state does not include reference to OCBOA in its rules or law.

Indiana – (a) At this point, the Board does not have a specific stance on this issue. They will most likely tackle it once it’s put in front of them. If no authority, seems like an endless circle. (b) No, OCBOA is not specifically referenced in Indiana’s rules and laws. We do reference the AICPA standards which cover the OCBOA.

Iowa – (a) It would be difficult to discipline anyone based on non-authoritative guidance.

Kentucky – (a) Unsure as to what is being asked and since Board will not meet till after the responses are due I am unsure as to how they would respond. I am also not sure of the value of “non-authoritative” guidance since even if the advice is followed the CPA could possibly still be disciplined by the Board since the guidance is “non-authoritative”. (b) No.

Louisiana – (a) The Board expects to view the work product as it would other licensee work product. Accountant’s reports typically identify the applicable professional standards (level of service provided by the licensee), and they also refer to the basis of accounting used in the client’s financial statements. We also note that, based upon the AICPA’s FAQ, this work would be subject to Peer Review. (b) No. LA Board’s rules provide that professional standards applicable to the engagement must be followed (e.g., professional standards generally mean SSARS, SAS, etc., which are referenced in our law). In contrast, the references to “GAAP”, “modified cash”, “tax basis”, “OCBOA” are expected to be cited in the understanding with the client, the engagement letter, the accountant’s report, and disclosed in the Notes to the statements if applicable.

Mississippi – (a) The Mississippi Board has not yet discussed the new financial reporting framework. (b) The current Rules and Regulations require a licensee/firm permit holder to utilize and apply the appropriate standards for each engagement which could include OCBOA as appropriate.

Missouri – “Non-authoritative” guidance has no merit. (a) We do not believe in the premise and would not look favorably on the application of “non-authoritative” guidance. (b) We do not reference OCBOA; however, we are opposed to its elimination.

Montana – (a) Don't know yet. (b) No.

Nevada – Nevada does not reference specific authoritative guidance or OCBOA as a specific standard. But rather indicates that professional standards must be followed. The language is rather broad and therefore leaves the area of standards up to the Board's interpretation especially when the standards change.

New Hampshire – (a) This is under review. The Board has no opinion at this time. (b) New Hampshire has no reference to OCBOA in administrative rules or statute.

New Jersey – (a) It's "non-authoritative." (b) Clarity has eliminated OCBOA; now special purpose framework.

New Mexico – According to New Mexico Board rules, the Financial Report Framework for SMEs would have to be recognized by some authoritative body (such as the AICPA) as another comprehensive basis of accounting in order for it to be accepted.

New York – The Public Accountancy Board plans to respond to the Exposure Draft during the upcoming January meeting.

North Carolina – (a) Our Board would view a licensee's work or report on this framework as a departure from GAAP. (b) The Board's rules allow for a CPA to either prepare or report on financial statements that depart from GAAP as long as the CPA's report describes the departure, the approximate effects thereof, if practicable, and the reasons why compliance with GAAP would result in a misleading statement.

North Dakota – Financial reporting services performed under the SME Framework would not be treated differently than preparation under other OCBOA frameworks such as Cash Basis accounting.

Oklahoma – (a) Oklahoma would treat it as non- authoritative guidance. (b) No.

Oregon – I believe Oregon law refers generally to accounting standards and not necessarily to "OCBOA". I would assume that the framework would be considered when evaluating whether professional standards were being followed.

Pennsylvania – (a) The Board would view it as authoritative and not view it different than existing standards. (b) No.

Puerto Rico – (a) As a non-GAAP engagement. (b) No.

South Carolina – (a) South Carolina would consider it to be authoritative. (b) South Carolina believes OCBOA should remain in Professional Standards.

South Dakota – (a) Our rules reference issuing financial statements and we do not have an issue with this. (b) Our Board does not include OCBOA specifically in our rules.

Tennessee – (a) It will be taken into consideration, but the Rules require that the licensee comply with “...standards promulgated by the American Institute of Certified Public Accountants...”. (b) There is no reference to OCBOA in the Rules or the law governing accountancy in Tennessee.

Texas – (a) Our Board will evaluate whether the CPA exercised appropriate professional judgment in determining whether GAAP or OCBOA applied. (b) This agency includes the equivalent of OCBOA in its rules by recognizing similar pronouncements issued by other entities having similar generally recognized authority.

Virginia – (a) The Board would continue to hold the licensees work to the audit, review and compilation standards. (b) No, we do not include any reference to OCBOA in our rules or law.

Washington – (a) The Executive Director’s regulatory view would be that “non-authoritative guidance” should be considered and would likely be applicable in the absence of an authoritative prohibition against that guidance. This response is predicated upon:

- The rationale set forth in the answer to Q #1;
- Recognizing that professional judgment is required to ensure that numerical and non-numerical data and information is not misleading; and
- Board rule WAC 4-30-048 provides, in part, that if professional services are governed by “standards” not included within the list of recognized standards those professionals governed by the ACT must:
 - i. Document any departure from the listed standards;
 - ii. Determine applicable standards (guidance); and
 - iii. Demonstrate compliance with applicable standard (guidance, which from a legal perspective would include general standards of practice, i.e. market-place expectations.

(b) OCBOA is not specifically identified but is implied by reference to current professional standards, non-authoritative guidance, and the rationale in (a) above.

Wisconsin – (a) We would view any work under the AICPA’s proposed framework as subject to our laws and rules and subject to peer review. We would consider statements prepared under the AICPA’s proposed framework as an OCBOA presentation. (b) Our rules do not reference any particular financial reporting framework, and there is no mention of OCBOA specifically. Our rules merely indicate that no person shall express an opinion that financial statements are presented in conformity with GAAP if such statements contain any departure from an accounting principle promulgated by a body designated by the AICPA to establish such principles. Our rules more specifically reference generally accepted auditing standards, Standards for Accounting and Review Services and Attestation Standards.

3. Does the Board staff review the Board’s revenues and expenditures with the Board members? If so, how often is this done?

Alabama – Yes, two times each fiscal year.

Alaska – The Division is supposed to provide quarterly revenue/expenditure reports to each Board. The most recent report is always included in the Board meeting packet (the Board meets at least four

times per year). The Board has requested the Division's recommendation for FY 14 operating budget be available at our February meeting for our comments.

Arizona – The Board receives a budget update that includes revenues and expenditures at each monthly board meeting.

California – California Board of Accountancy staff provide a review of California Board of Accountancy revenues and expenditures with California Board of Accountancy members on a quarterly basis.

Guam – Yes, previously done on a quarterly basis, Guam's FY2013 budget law requires monthly reporting to the governor's and legislative speaker's offices, plus website posting.

Idaho – Yes, the Board is given a report by the Treasurer at each quarterly Board meeting. Each month, the Board staff prepares a Treasurer's Report showing the Board's revenues and expenses and that is shared with the Treasurer and Chair.

Illinois BOE – The Executive Director is responsible for implementing and controlling expenditures of board office operations. The Executive Director reviews revenues and expenditures at least quarterly during board meetings and other times as directed by the board chair.

Indiana – We are an umbrella agency so the agency revenues and expenditures are not reviewed with the Board. The Accountancy Board is unique in that it has a dedicated fund that covers the costs of investigating and other compliance initiatives. The budget for this fund is reviewed with the Board on a quarterly basis.

Iowa – No. The Board's staff is not responsible for setting the expenditures or managing revenues. The Board falls under an umbrella agency with 8 professions and 7 Boards.

Kentucky – Yes. These are reviewed at every meeting.

Louisiana – Yes, at each quarterly Board meeting.

Montana – Yes. Every meeting.

Mississippi – Yes, the Mississippi Board reviews revenues and expenditures at each monthly or periodic Board meeting.

Missouri – Yes, we do at each Board meeting. Board meetings are held at least six times a year.

Nevada – Nevada staff provides the Board with all revenues and expenditures on a monthly basis. The information is approved at each Board Meeting. The Secretary-Treasurer reviews the information monthly and prior to the Board Meetings.

New Hampshire – The New Hampshire Board is in a consolidated licensing agency. The administration has requested a new Accountant position to review revenues and expenditures with the

Boards. We currently have no dedicated accounting staff. Fees are set in administrative rules in New Hampshire. Revenues and expenditures are reviewed as part of the rulemaking process.

New Jersey – No.

New Mexico – This has not been done for over a year, as all budget documents are now prepared by the Administrative Services Division of the Regulation and Licensing Department, and all expenditures are controlled by this division as well.

New York – The Public Accountancy Board is an advisory Board and not an independent entity. It does not have a separate allocation of funds from the New York State Education Department. Therefore, the Board staff does not review Board revenue and expenditures with the Board members.

North Carolina – The Board’s Deputy Director, who is a CPA, prepares the monthly financial statements and they are a part of the monthly Board package. The financial statements are presented at the Board meeting, discussed and voted on to accept them as presented.

North Dakota - For each Board meeting, financial statements are provided to the Board, plus a cash disbursements journal.

Oklahoma – Yes, all financial information is provided to the Board at its monthly meeting.

Oregon – A treasurer’s report is presented at each Board meeting. The Board typically meets five or six times each year.

Pennsylvania – Yes, yearly. However, measures are being taken to provide quarterly updates to the Board.

Puerto Rico – N/A. We do not have a budget. All is run under the umbrella of the Department of State.

South Carolina – Yes, at each Board meeting.

South Dakota – The Board reviews the revenues and expenditures of the Board office on a monthly basis.

Tennessee – Yes, the Board reviews revenues and expenditures at the quarterly Board meetings.

Texas – This agency’s Board routinely reviews and approves agency expenditures at each Board meeting which occurs about every other month.

Virginia – Yes, I review our financial report (current status) with the Board at every Board meeting.

Washington – The Executive Director has recently begun providing updates to the Board’s Officers prior to the Board’s quarterly public Board meetings and may comment on the Budget at these open public meetings depending on the circumstances.

Wisconsin – We are not presented with any financial information related to the results of our Board’s operations. We are one of over 100 boards under an umbrella organization.

4. Would a licensee’s compliance with federal whistle blowing law cause disciplinary action from your Board against the licensee whistle blower? If so, please explain.

Alabama – Each instance/case would have to be evaluated on its own merits for such a determination.

Alaska – The Board has not discussed this issue.

Arizona – Unsure and probably various on the circumstances.

California – A determination will be made on each case based on applicable federal laws and the California Accountancy Act and Regulations.

Guam – Any disciplinary action against a licensee is ultimately subject to the Board’s discretion, and in such a case would likely depend on the specific circumstances involved.

Idaho – At this point, we have not had to address this. In our discussions, we don’t know how we would handle it and feel the circumstances involved would have an impact on the direction taken by the Board. There is not a provision in our Act or Rules which deals directly with this issue. Rule 402 does address ‘confidentiality’ and would be dealt with on a case-by-case basis.

Indiana – The Board would not seek disciplinary action on a whistle blower unless the licensee violated the law or an accounting standard.

Iowa – The question does not provide sufficient information for a simple yes or no answer. In general, Iowa Code section 542.17 should guard against adverse action if the question pertains to a licensee-whistle blower’s handling of confidential information.

Kentucky – Probably not since the federal law may bar us from doing so.

Louisiana – To date, an issue has not come before the Board. A review by legal counsel of the facts and circumstances would likely be necessary.

Mississippi – (a) The Mississippi Board investigates each complaint independently. However, if a licensee had a legitimate finding especially against an alleged felon, the Board would not be apt to treat it as a disciplinary matter.

Missouri – Any complaint would be evaluated based on the specific facts and circumstances. However, we believe in a whistleblower situation that proved to have merit no action would be taken.

Montana – Depends on facts and situation.

Nevada – The Board would most likely not discipline a licensee for whistle blowing. However it would depend on the specific circumstances.

New Hampshire – Disciplinary matters are reviewed on a case-by-case basis.

New Jersey – Not under normal circumstances.

New Mexico – No, this would not cause disciplinary action to be taken.

New York – All referrals of disciplinary matters are sent to an investigator at the Office of Professional Discipline (OPD). OPD may in the course of its investigation consider if as a result of a licensee utilizing the whistleblower law committed misconduct.

North Carolina – Depending on the facts of the matter, it is possible that there may be circumstances that a licensee may be disciplined in complying with a federal whistle blowing law.

North Dakota - No. Compliance would not trigger Board disciplinary action, if mandated by federal law.

Oklahoma – This issue has not come before the Board, however, there may be an enforcement action taken against the CPA for violating confidentiality.

Oregon – If confidentiality rules were violated, a technical violation would probably be found by the Board. The circumstances of the case would dictate what disciplinary action would be taken.

Pennsylvania – As per Section 11.1 of the Pennsylvania CPA Law states: “Nothing in this section shall be taken or construed as prohibiting the disclosure of information required to be disclosed by the standards of the profession in reporting on the examination of financial statements, or in making disclosures in a court of law or in disciplinary investigations or proceedings when the professional services of the CPA, PA or firm are at issue in an action, investigation or proceeding in which the CPA, PA or firm is a party.”

Puerto Rico – Each case is different. We would have to see the specific circumstances of each case.

South Carolina – Based on our statute, the whistleblower cannot disclose the information. The Board has not considered any action on this issue; however, based on this perspective the Board will review.

South Dakota – The Board has not discussed this issue, but does not believe compliance with federal whistle blowing would cause disciplinary action from our Board at this time.

Tennessee – Rule 0020-03-.10 states that: “(1) A licensee shall not disclose any confidential client information without the specific consent of the client. (2) This rule shall not be construed to: (d) Preclude a licensee from initiating a complaint with or responding to any inquiry made by a recognized investigative or disciplinary body....”

This language would appear to protect a licensee when filing a complaint under the federal whistle blowing law. The licensee would be initiating a complaint with a recognized disciplinary body, and so would be protected under this rule.

Texas – A licensee is prohibited by state law from voluntarily disclosing his client’s communications without permission of the client.

Virginia – No.

Washington – The Executive Director believes it would depend on the circumstances. For example:

- If the licensee employee was protected under the Federal Whistle Blower Act or one of the several other Federal disclosure acts, discipline would most likely not be imposed or a cautionary non-disciplinary communiqué might be issued;
- If the licensee inappropriately retaliated against an employee for “whistle blowing” in violation of a state or federal law, discipline would probably occur; or
- If the failure to disclose resulted in conviction of a crime or an act constituting a crime under Sarbanes-Oxley (SOX) or other relevant Federal or state law the licensee would probably be disciplined. (RCW 18.04.295(5)(c))

Wisconsin – Our rules have the typical confidentiality language similar to the AICPA Code of Conduct. The rules do not have any provisions related to whistle-blower provisions. If a case came before the Board related to a whistle-blower case, I would be surprised if our Board would take action against the licensee if the communications took place under appropriate whistle-blower laws.

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

Alabama – Earlier announcements by the Governor that the administration was considering consolidation of the professional and occupational licensing boards appears to be waning and may not be a focus of the administration in the near term.

Alaska – The Board has been informed that its travel budget for the fiscal year (through 6/30/13) is limited and the Board members/staff may be unable to attend any more out-of-state meetings. The Board also anticipates the introduction of legislation in the upcoming session that will aim to block the required collection of biometric information has the potential to cause problems for the CPA Examination administration in Alaska.

Arizona – The Board has a piece of legislation that is a comprehensive statutory rewrite for the 2013 legislative session.

California – Mobility goes into effect 7/1/13. Additionally, as noted in our response to question 6, effective January 1, 2014, there will be a 150 semester unit requirement to obtain CPA licensure.

Guam – Guam is working towards law revisions to accommodate mobility. Also, Guam’s Test Center revenues continue to drop due to international testing, with the total 2012 calendar year revenues being less than the total revenues reported for the Test Center’s 2004 opening calendar year with only 9 months of recorded revenues. This decline will likely be exacerbated by the extension of international

testing to the full testing window of each quarter. The only viable alternative at present is to encourage Chinese candidates to sit in the Guam Test Center.

Idaho – We are awaiting the start of the next legislative session. There are numerous new Senators and Representatives so it could be an interesting time during this session. As we've mentioned at Executive Director conferences and meetings, we are watching legislation that refers to the use of Hearing Officers for Regulatory Boards (John Johnson is aware and watching). Legislation died in the last session that would have required the use of a Hearing Officer for all contested cases and the legislations definition of 'contested case' would have included all disciplinary actions.

Illinois BOE – The Board of Examiners will be relocating offices from Champaign, Illinois to the Naperville, Illinois campus of Northern Illinois University sometime during middle to late spring, 2013. New educational requirements become effective July 1, 2013.

Iowa – We have a new flexible CPE schedule that is expected to go into effect in March 2013. It will allow licensees to choose an annual CPE cycle or a mid-year CPE cycle (either one is a 36-month CPE cycle) for the CPE needed for renewal. It is expected to eliminate frustration for licensees and the staff time to process those who reinstate due to missing the CPE deadline.

Louisiana – The Board's last meeting (in November) was held at Dillard University. The reception event held the night before the meeting drew approximately 100 students and faculty from several universities in New Orleans. Speakers from the AICPA, LCPA and the State Board presented a program entitled "Your Ticket to a Career as a CPA."

Mississippi – There has been some "talk" from some of the State's leaders to possible consolidation of Boards and Commissions in Mississippi. The Board is in "wait and watch" mode.

Missouri – We are working with NASBA on a CPE Pilot project utilizing NASBA's CPE tracking tool. In addition, we are once again lowering licensing fees to keep our Accountancy fund from being swept to General Revenue. Our statutes require excess funds over 3 times our annual appropriation to be swept to General Revenue on a biennium cycle. We are perilously close to that scenario.

Montana – Independence legislation. Single tier legislation. Elimination of CPE reporting. Elimination of Profession Monitor Program (PMP). Transition to peer review.

New Hampshire – A subcommittee of the Board and the New Hampshire CPA Society are studying the 2011 Uniform Accountancy Act.

New Jersey – 20 credits 1 year CPE. CPE credits results. Peer review all firms.

New Mexico – Two new Board members were recently appointed by the Governor and will begin serving their terms in January 2013. Three members whose terms have expired are continuing to serve until reappointed or replaced.

North Dakota – Complaint volume is down this year, as is our response time.

Oklahoma – The legislative season is upon us and consolidation proposals are a major concern.

Oregon – New Executive Director effective 11/1/12. Potential consolidation efforts in 2013 Legislative Session. Evaluation of current rules/statutes by task force in 2013.

Pennsylvania – Pennsylvania still requires attest experience for CPA Certification. New Regulations are in effect with a change in CPE adding 4 hours in Ethics and establishing an ACT 48 to include more penalties for violations. The Board is completing on December 31, 2012, their Firm Amnesty Licensure Program, whereby all unlicensed accounting firms that should be licensed could apply to the State Board of Accountancy for licensure without penalty. The program ran from July 1, 2012 through December 31, 2012.

Puerto Rico – We just acquired substantial equivalency and are working toward mobility along with the State Society.

South Carolina – Submitting statutory changes.

Tennessee – The Tennessee State Board of Accountancy is currently due to sunset as of 30 June 2013. There is an expectation that the legislation to extend the Board will be introduced as “status quo” legislation with no changes as to Board structure and operation.

Virginia – Our most recent, primary focus has been our fee increase. Our new fee structure went into effect on January 1, 2013.

Washington –

- Continuing to gain an improved understanding of those foreign educational institutions that provide at least equivalent and credible education to that provided by accredited educational institutions in the United States.
- Beginning the process of obtaining input from multiple constituencies regarding the prudence of granting a license to Foreign Public Accounting Firms similar to the provisions of 15 USC provided a Foreign Public Accounting Firm is subject to inspections by the PCAOB or a foreign country equivalent recognized by the PCAOB and/or other applicable regulatory bodies such as the Office of the Insurance Commissioner in Washington State.

Wisconsin – We will be having a large turnover in the Board in the next six months. We currently have a seven member Board. Two long time Board members recently resigned, one of which is a past chair with over 12 years experience on the Board. In addition, one member has notified the Board of an upcoming resignation due to a pending move out of state. All three members are practitioner members. This will leave only our Board chair and one public member with any extensive experience on the Board.

6. Are there any ways in which NASBA can assist your Board at the present time?

Alaska – The Board will ask for NASBA’s assistance in combating the legislation noted above in the response to Focus Question 5 if it surfaces as anticipated. Depending on the denial of requested trips, the Board may request scholarships for trips through the end of the fiscal year (June 30, 2013).

California – As reported to NASBA in prior Focus Questions submissions, effective January 1, 2014, the California Board of Accountancy will transition to a 150 semester unit requirement as the sole pathway to CPA licensure. The California Board of Accountancy has been actively spreading the message about this transition, including establishing a webpage specific to the new educational requirements and conducting various seminars and Facebook events. The California Board of Accountancy recognizes that many of the licensees that eventually apply for initial licensure in California have obtained all or part of their education outside of California. With NASBA’s ability to spread a message nationally, the California Board of Accountancy would appreciate any outreach that NASBA could provide informing various students and faculty at out-of-state colleges/universities about the impending changes and directing these individuals to the California Board of Accountancy website.

Guam – Promote more candidates sitting for the exam at the Guam Test Center.

Idaho – We are still interested in direction from NASBA around the issue of accreditation when it comes to national accrediting agencies. When looking at a nationally accredited school, it would be helpful to have some guidance on how to evaluate, not necessarily the school, but the accrediting organization. The Idaho Board is also interested in NASBA’s thoughts and what other states are doing in instances where a CPA, who is a sole proprietor, has passed away. What are others doing with those client records? Do some states have succession planning as a mandatory initiative for those sole proprietors? If so, who monitors it and how is it reported. We have taken the position that the Board Office should not take possession of those records and have felt those records, in these instances, would become the asset of the estate.

Iowa – We would appreciate assistance in creating guidance for a succession plan when there is the death of a sole practitioner.

Missouri – Continue the CPE project after the pilot program is complete.

Montana – Yes – newsletters and legislative support.

New Jersey – Develop National CPE Tracking and Auditing for compliance.

North Dakota – We suggest that NASBA reconsider the amounts charged for dues and for conference registrations.

Oklahoma – We would like to discuss NASBA’s assistance with print media.

Oregon – Any assistance in the items under #5 would be appreciated. Our new Executive Director has already begun to reach out for assistance from our Regional Director.

Pennsylvania – The Board would like to encourage NASBA to continue their use of their scholarship program.

Puerto Rico – Statistics on mobility from other states and legislation passed in order to see how we can adapt to our specific conditions.

South Carolina – (a) Need help with a regular scheduled newsletter. (b) Technology security.

Wisconsin – We are currently working with NASBA staff on how to get the State to change their mind on not implementing ALD. We have appointed a task force to identify state concerns and have contacted NASBA staff on how they might assist.

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

Input only from Board Chair: OR

Input only from Executive Director: AZ, KY

Input only from Board Chair and Executive Director: AL, AK, IL-BOE, IN, NC, NY, TN, TX, VA

Input from all Board Members and Executive Director: GU, IA, ID, MO, MS, MT, NH, NJ, NV, OK, PA, SC, SD

Input from some Board Members and Executive Director: LA, ND, NM, WA

Input from all Board Members: PR

Input from some Board Members: WI

Other (please explain):

1.22.13

Executive Summary
November 15, 2012 – January 3, 2013
Regional Directors’ Focus Question Responses

32 State Boards Responding

1. A recent ARSC (AICPA Accounting and Review Services Committee) exposure draft proposed a level of accounting service (unaudited) with no report letter from the licensee and the accounting service would be exempt from peer review. Should this service be subject to peer review?

Yes – 11; No – 13.

2. Does your state include reference to OCBOA in its rules or law?

Yes – 1; No – 16.

3. Does the Board staff review the Board’s revenues and expenditures with the Board members?

Yes – 24; No – 8.

4. Would a licensee’s compliance with federal whistle blowing law cause disciplinary action from your Board against the licensee whistle blower?

Yes – 10; No – 10.

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

Among responses - New flexible CPE (IA); Complaint volume down (ND); Fee increase (VA); “Your Ticket to a Career as a CPA” Program (LA).

6. Are there any ways in which NASBA can assist your Board at the present time?

Among responses - Help spread word to colleges and universities about 150 semester unit requirement (CA); Help with succession plan following death of sole practitioner (IA); Guidance on national accrediting associations (ID).

For details, see Regional Directors’ Focus Question Report.

National Association of State Boards of Accountancy, Inc.

**Meeting of the Board of Directors
October 26, 2012 – Orlando, 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 9:00 a.m. on Friday, October 26, 2012 at Disney's Swan & Dolphin Resort, Orlando, FL.

Chair Harris welcomed Donald Aubrey, Nicole Kasin and Douglas Skiles, who will be joining the 2012-13 Board.

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. Trish, CPA (WA)

Regional Directors

Jimmy E. Burkes, CPA (MS), Southeast
Jefferson Chickering, CPA (NH), Northeast
Bucky Glover, CPA (NC), Middle Atlantic
Janice L. Gray, CPA (OK), Southwest
Raymond N. 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)

Guests

Nicole Kasin (SD) – Executive Directors Committee Chair Elect
Donald F. Aubrey, CPA (WA) – Pacific Regional Director Nominee
Douglas W. Skiles, CPA (NE) – Central Regional Director Nominee

Staff

Ken L. Bishop, President and Chief Executive Officer
Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Louise Dratler Haberman, Director - Information and Research
Thomas G. Kenny, Director – Communications
Noel L. Allen, Esq., Legal Counsel
Ed Barnicott – Vice President
John Johnson – Director - Legislative and Governmental Affairs

3. Approval of Minutes

NASBA Secretary Odom presented the minutes of the Board’s July 27, 2012 meeting. On a motion by Mr. Daggett, seconded by Mr. Chickering, the minutes were approved with a correction.

4. Report of the Chair

Chair Harris offered NASBA’s condolences to Mr. Burkes on the death of his daughter-in-law. Mr. Harris thanked the Board for the condolences his family had received on the death of his father-in-law.

Chair Harris reported on the August 14, 2012 leadership summit of NASBA, CICA and AICPA. The meeting was focused on the merger of the profession that is taking place in Canada. The Canadians are modifying their education process beginning in 2013 with a new final examination scheduled for 2015. There was some talk of developing Canadian/U.S. cross-border mobility, but that may be several years away, Mr. Harris said.

Since the last Board meeting, Chair Harris said he had made three visits to NASBA in Nashville. During one of those visits he and Vice Chair Hansen met with a speech coach who NASBA had engaged to help speakers improve their presentations.

Chair Harris announced several recent appointments:

Bucky Glover, CPA (NC) – Member of the Center for Public Trust Board of Directors

Raymond N. Johnson, CPA (OR) – Member of the AICPA Professional Ethics Executive Committee.

David A. Vaudt, CPA (IA) – Vice chair of the Examination Review Board with Nicholas J. Mastracchio, Jr., Ph.D., CPA (NY) (chair), Sandra R. Wilson, CPA (AK), O. Whitfield Broome, Jr., Ph.D., CPA (VA) and Ronald E. Nielsen, CPA (IA).

Mark T. Hobbs, CPA (SC) – National Peer Review Committee

W. Hunter Cook, CPA (NC) and David L. Miller, CPA (MS) – AICPA Auditing Standards Board

Janice L. Gray, CPA (OK) – AICPA Accounting and Review Services Committee

Billy M. Atkinson, CPA (TX) and Diane M. Rubin, CPA (CA) – FASB’s Private Company Council

Gaylen R. Hansen, CPA (CO) and Raymond N. Johnson, CPA (OR) – IFAC Consultative Advisory Groups

Chair Harris reported the Strategic Planning Task Force, including himself, 10 volunteers and four staff members, had developed a plan and a change in the mission statement to: “Enhance the effectiveness and advance the common interests of the Boards of Accountancy.” The change expands the mission and the specifics of what NASBA does, he explained, as it captures what NASBA does to involve itself in the policies being put forth by other groups. The plan includes eight listed objectives and 27 specific strategies to accomplish those objectives. He said that NASBA Vice President Ed Barnicott taught the task force that all of the objectives had to be measurable, realistic, specific and obtainable.

Mr. Barnicott explained this is a 3-5 year plan. It gives direction to the NASBA staff as to where energy and effort should be put into advancing these objectives. Ongoing operations will have to go through the mission test of: Does it enhance the effectiveness of the Boards? And/or - Does it advance the Boards’ common interest?

On a motion by Mr. Parsons, seconded by Mr. Daggett, the strategic plan was approved.

Seventy-six responses to the Goldfish Bowl Competition were received, Chair Harris reported. All the responses were sent to the appropriate committees and the committee chair will respond to the person who made the suggestion as to how it will be acted upon. Mr. Harris said that he had determined the winning concept was “Diversity” – as it had been suggested by several respondents. He will be assigning a working group, including Ed Jolicoeur (WA), Sandy Wilson (AK), Antonia Smiley (DC) and two other volunteers from member Boards to discuss opportunities for women and minority group members to serve on NASBA committees. The working group will analyze the perceived problem and suggest how to fix it, and present their conclusions to Chair Gaylen Hansen to consider and to distribute to other committees.

5. Report of the President

President Bishop said NASBA wants to prepare and groom people to be in leadership positions in the future. He congratulated Billy Atkinson for being named chair of the FASB’s Private Companies Council and to Diane Rubin for being selected to be a member of the group.

The entire continental United States now has mobility, President Bishop said. NASBA is helping the Virgin Islands draft a mobility bill, and representatives are meeting with Guam and Puerto Rico to put forward mobility as well.

The Puerto Rico Board has outsourced much of their work to NASBA. A firm has been engaged to scan all of the Puerto Rico Board’s document files. Puerto Rico passed legislation that as of July 2013 their entry requirements will be substantially equivalent to the UAA’s requirements.

In December the NASBA staff directors will have a meeting when they will have to consider how the projects that are being worked on tie to the strategic plan, President Bishop announced.

Executive Vice President and COO Conrad reported 17 states have approved NASBA International Evaluation Services as a provider (DE, IA, MA, NE, NJ, OH, SC, TN, IL, KS, MN,

NH, NY, PA, SD, VA and WA). It will provide turnaround on evaluations in 5-7 days. President Bishop said he believes this will be a big business area for NASBA.

Ms. Conrad described the Candidate Performance Data Products, which will be giving schools more of the data that they need. A new school book is coming out within the next few weeks. She reported the idea of quarterly reports has been well received. James Suh, who heads the project, will be making a presentation to the APLG meeting in February.

The CPE Sponsor Registry is continuing to grow, President Bishop said. The AICPA joined recently and that has prompted more state societies to join. At the National Registry Summit, held September 23-24, 2012 in Nashville, there were 143 in attendance.

Vice President Dan Dustin has visited 16 states in 10 months and has promoted new interest in NASBA, Mr. Bishop reported. Michigan Bureau Director Alan Schefke attended the latest session of NASBA U, held September 14-15 in Nashville, and was excited by the organization.

Contract negotiations are going on for the international delivery of the Uniform CPA Examination, Ms. Conrad said. The growth trend is good for the international administration. Ms. Conrad said they are talking to Saudi Arabia and Germany about testing in locations there. Testing in Japan has led to a decrease in the number of Japanese candidates taking the examination in the Guam testing center. Mr. Bishop said NASBA is investigating a way for the Chinese candidates to get a testing visa to be able to come in and test at the Guam center.

NASBA's financial statements demonstrate that the association is doing good things for the Boards, Mr. Bishop said. A Finance Assessment Project is being performed through an independent consultant. Senior Vice President and CFO Bryant said this project involves assessing processes and systems around financial reporting, budgeting and payroll across the organization. Out of the assessment, some short-term improvements in processes have been achieved. Another short-range goal is to have improved financial reports for the January Board meeting. Because of efficiencies in operational and staff areas, Mr. Bishop said NASBA has reduced costs. In addition, NASBA is on track to exceed net assets of \$30 million for fiscal 2013 while at the same time it is doing more for State Boards.

The Center for Public Trust has elected Milton Brown and Larry Bridgesmith "life directors" for the CPT Board, Ms. Conrad stated. CPT President Alfonzo Alexander is on the road meeting with potential sources of grants and funding and going to universities to set up student chapters of the CPT. There are now 11 student chapters and CPT expects to launch four more by the end of this year. Mr. Bishop pointed out that NASBA's strategic plan calls for the promotion of ethics. He believes the CPT is a good investment of NASBA and provides recognition for NASBA around the country.

Reporting on the NASBA staff's activities, Mr. Bishop said NASBA held a staff family outing at the Nashville Zoo on a Saturday October. Another day "Uncle Bud's Catfish Snack" was brought in for the Nashville staff. John Lau, international president of Toastmasters International, had lunch with the NASBA staff in recognition of the NASBA chapter's work.

President Bishop said he expected AICPA President Barry Melancon to speak about firm mobility when he addresses the NASBA Annual Meeting on October 30. President Bishop said that NASBA has not yet determined if firm mobility is a good idea. The impact on the states needs to be studied as well as other consequences. He said NASBA is now going through an "exploratory stage," on this concept. Mr. Melancon may also address another topic under consideration by the Uniform Accountancy Act Committee: the expansion of the definition of

“attest.” Mr. Bishop explained that while there are political considerations of how others would respond who are now performing the same services as CPAs, there is a public protection argument for restricting those services to CPAs.

6. Report of the Vice Chair

Vice Chair Hansen reported his 2012-2013 NASBA committee assignments have been completed. He explained he had emphasized opportunity and diversity in making these assignments. Sitting State Board members were given top priority to participate in the committees -- and be identified as future NASBA leaders. His inaugural speech will stress that Board tenures are limited and each Board member has to make sure his or her time on the Board is used well.

Mr. Hansen also reported he had participated in a PCAOB forum a few weeks earlier to consider auditor independence, including auditor rotation. He had expressed his personal view in support of firm rotation, explaining to the PCAOB that there is no consensus on this point.

7. Report of the Administration and Finance Committee

Treasurer Smoll presented the financial results, commenting that NASBA had a “great year,” with increases in unrestricted net assets of \$1.3 million. Investment income was less than budget due to challenging market conditions, but NASBA’s operating income exceeded the prior year’s by \$500,000.

Senior Vice President and CFO Bryant reported on the status of the Finance Assessment Project, as headed up by consultant Dave Shultz, that is focusing on processes, systems and staff. Mr. Bryant stated that the preliminary recommendations cover efficiencies in the ways in which the operating staff interact with the finance department in terms of internal financial accountability and future budgeting cycles. With the goals of reduced processing times and improved reporting capabilities, the preliminary indication around NASBA’s accounting software is that it is appropriate for NASBA’s processes, but reporting needs to be enhanced with an add-on module. Accounting processes can benefit from some standardization and automation. Mr. Bryant anticipated the consultant will be working with NASBA until May to achieve the desired transformation in processes, reporting and budgeting.

8. Report of the Audit Committee

Mr. Tredinnick reported the Audit Committee had met in Nashville on September 27, 2012. They met with NASBA staff and independent auditors in the process of finalizing the review of the audited financial statements. The Committee decided that the Statement of Cash Flows should be presented under the Direct Method beginning with subsequent future years. The Committee discussed the need for a request for proposal for audit services, as NASBA has engaged the same firm, Lattimore Black Morgan & Cain, PC, for 16 years. Rotation of the engagement partner occurred three years ago. The Committee decided to wait until the end of the audit cycle of five years before requiring the next rotation or considering an RFP, unless required by other circumstances. Concurrent with any audit rotation year, a formal evaluation of the auditors’ credentials would be required. Recommended changes to the Audit Committee’s

charter were proposed to reflect the five-year cycle for rotation and formal evaluation of auditors.

Mr. Tredinnick reported LBMC had made a presentation to the Audit Committee on the firm, its capabilities, partner depth, etc., at the Committee's request. The Committee considered the firm's non-profit experience, professional activities and their peer review reports, and unanimously agreed to recommend to the NASBA Board that LBMC should be reappointed as independent auditors for the next year.

Former Audit Committee Chair Carlos Johnson noted that at the end of LBMC's 11th year with NASBA the Audit Committee had done an extensive review of their credentials, determined the firm was doing a good job, but at that time did require a change in the engagement partner.

Audit Committee Chair Tredinnick made three motions which were all seconded by Carlos Johnson and voted on and approved by the Board:

- (1) Reappoint Lattimore Black Morgan & Cain, PC, as NASBA's independent auditors for the year ending July 31, 2013;
- (2) Accept proposed changes to the Audit Committee's charter; and
- (3) Accept the fiscal 2012 financial statement and auditor's reports for NASBA, the Center for the Public Trust and the NASBA employee 401K benefits plan.

9. Report of the Ethics and Professional Issues Committee

Committee Chair Raymond Johnson reported the Committee responded to an omnibus exposure draft from the AICPA Professional Ethics Executive Committee which would remove "holding out" from the Code of Professional Conduct. They also responded to an exposure draft from the International Ethics Standards Board for Accountants on a proposed change to the definition of "those charged with governance."

The committee is discussing IFAC's exposure draft on "suspected illegal acts," which says that if there is a substantial threat to the public interest, then the accountant should exercise his or her right to go to the authorities. This creates a balancing issue of the public interest in the reporting of the act and the client's being candid with the accountant. The Committee has not yet resolved the issue, but intends to respond.

10. Report of the Executive Directors Committee

Committee Chair Hill reported the last NASBA U session had the largest attendance since the program was inaugurated, with attendees from Hawaii and Alaska.

The Executive Directors Committee is meeting in Orlando, in conjunction with the NASBA Annual Meeting, to plan the program for the Executive Directors Conference March 3-6, 2013 meeting in Tucson, AZ. Some new issues will be added.

Ms. Hill said she is working with incoming Committee Chair Nicole Kasin to transition her duties both as Committee chair and liaison to the Board of Directors.

11. Report of the Regulatory Response Committee

Committee Chair Isserman reported a letter had been sent on September 6 to the AICPA in response to their June 29 exposure drafts from the Professional Ethics Executive Committee and the Accounting and Review Services Committee. A letter to the International Auditing and Assurance Standards Board on their “Improving the Auditor’s Report” is in final review and will be issued within the next few days.

The September 6 letter recommended a type of plain paper report, which resulted in some spirited correspondence within NASBA. Mr. Isserman explained that what is under discussion has nothing to do with those just preparing tax returns. Mr. Isserman said, “I think ARSC with the concurrence of PEEC has brought us back to the point where ARSC was formed (1176 Tenants Corporation – where the court determined what the accountant should have done)... Time will tell if ARSC has done us a favor.”

12. Report on the AICPA Framework

Mr. Odom, who served on the AICPA Task Force that developed the Financial Reporting Framework for Small- and Medium-Sized Entities, reported that while he was in agreement with things developed in the Framework, he was not totally in agreement with the way in which it was created. The project was on a fast track since May and much of the framework was taken from what the Canadian Institute of Chartered Accountants had developed. The framework is meant to replace “Other Comprehensive Basis of Accounting” (OCBOA), but Mr. Odom believes there needs to be time for the State Boards to make the appropriate references in their laws. OCBOA is identified in 30 State Boards’ rules.

The Framework, which is scheduled to be released for comment on October 30, 2012, has no effective date because it is non-authoritative, Mr. Odom said. It is anticipated that by the summer there will be a push to have banks and others accept the Framework, he said.

Vice Chair Hansen commented: “It does become authoritative because the AICPA is who they are. This almost begs a response from this organization. What is to prevent any association from doing this?”

Mr. Isserman pointed out that the State Boards control what is acceptable accounting – except at the federal level. It is going to end up a Board decision if they would accept this new OCBOA.

13. Executive Session

From 11:25 a.m. until noon the Board went into a closed executive session to discuss executive compensation.

At the conclusion of that session, Chair Harris announced that having heard no objections to the report of the Chair, the actions are ratified by the Board of Directors. The recommendations made on appointees will be deemed ratified.

The Board of Directors in executive session ratified certain Executive Committee recommendations related to confidential (personnel) matters.

14. Report of the Director of Legislative and Governmental Affairs

John Johnson reported he had joined the NASBA staff on June 1, 2012 as Director of Legislative Affairs [title later changed to Director of Legislative and Governmental Affairs]. He said the State Boards need to have the tools to make them effective in what they do. They need legislative strategies that would be useful for all State Boards. This begins with timely notification to the Boards of legislation that is coming up. To obtain this information NASBA has registered for the CQ Roll Call. Mr. Johnson is working with the service to set up the appropriate selection queries. This system will allow the Boards to see bills and monitor what is happening in other states. He explained, "It will be very interactive web publishing."

His next focus will be prioritizing requests for assistance from the State Boards. NASBA will be looking at threats to Boards and the rippling effect they may have on mobility and other issues.

Mr. Johnson said he will be working to build relationships with other organizations. He will also be focused on building key person contacts with members of Congress. He will be encouraging outreach to CPAs in the state legislatures. Mr. Johnson said NASBA needs to be proactive in states in respect to position papers. NASBA will also be participating in conferences, such as the National Conference of State Legislatures, National Governors Association, and others.

Chair of the Legislative Support Committee Burkett said that it had become evident that NASBA needed a staff member to help with this work. Mr. Johnson said NASBA's goal is to have the State Boards be pro-active, not reactive.

15. Report of the Continuing Professional Education Committee

CPE Committee Chair Lodden reported the Committee had met in September in Nashville. CPE sponsors have raised a few questions which have been responded to in the CPE Registry's best practices document, that went live on the NASBA Web site in September. The National CPE Registry Summit, held September 23-24 at the Hutton Hotel in Nashville, was a "smash hit," Mr. Lodden observed. Its content was relevant and forward looking.

There are now four CPE Committee subcommittees at work: 1- Outcome-based learning, considering how it can be used for CPE; 2- Global issues, looking at the impact of international standards on CPE in the U.S.; 3- Education relevance, focusing on live courses; and 4- Registry marketing, trying to bring more state CPA societies on to the Registry.

16. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Carlos Johnson distributed to the Board the UAA Committee's revision to the definition of "independence" as contained in UAA Model Rule 10-4, which is closer to the definition contained in the AICPA Code of Professional Conduct :

VII. PRINCIPLE: INDEPENDENCE:

Independence, where required by professional standards, is essential to establishing and maintaining the public's faith and confidence in, and reliance on, the information reported on by the licensee.

A licensee in the practice of public accounting should be independent ~~in of in mind~~ (sometimes referred to as independence “independent in fact”) and in appearance when engaged to provide services where independence is required by professional standards. Independence ~~in fact is the state of mind that~~ permits a licensee to perform an attest service without being affected by influences that compromise professional judgment, thereby allowing the licensee to act with integrity and exercise objectivity and professional skepticism. Independence in appearance is the avoidance of circumstances that would cause a reasonable and informed third party, having knowledge of all relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of a licensee had been compromised.

A licensee shall comply with the independence requirements adopted by recognized standards setting bodies (such as those described in UAA Section 3(b)) that are applicable to the particular engagement performed by the licensee.

Mr. Johnson made a motion that the Rule be adopted as submitted. Mr. Hansen seconded and the Board approved.

The UAA subcommittee on the “attest” definition is considering what other changes may be needed if the definition is broadened. To assist the subcommittee, the AICPA staff prepared a white paper on how and why a change is needed. Changing the “attest” definition may lead to a change in the definition of “report,” which appears in the UAA, and state laws, many times related to financial statements. This is a very sensitive issue, Mr. Johnson said.

The subcommittee studying what services CPAs with inactive status are able to perform is considering the responses received from the Regional Directors’ Focus Question on this topic. The subcommittee may recommend a change in the UAA to arrive at uniformity among the states.

The whistleblower/confidentiality subcommittee will be proposing changes to UAA Sections 18 and 19. Discussions on the proposed changes on returning records to clients are in progress, as the AICPA and NASBA representatives continue to work through differences.

UAA Chair Johnson reported the subcommittee on non – US auditors is waiting to hear back on what NASBA and AICPA representatives learned from their meetings with SEC representatives. Many states are sensitive to this issue, Mr. Johnson said.

17. Report of the Global Strategies Committee

Committee Chair Tish said page 17 of the NASBA Annual Report contains a good summary of the Committee’s work. The biggest part of their efforts will be culminating at the October 31-November 1, 2012 International Forum of Accounting Regulators. There will be representatives from 11 countries and a good turnout from the State Boards, Ms. Tish reported. Among those attending will be Riyadh Al Mubarak chairman of the Abu Dhabi Accountability Authority.

18. Report of the Education Committee

Education Committee Chair Turner reported the three contracts for the NASBA educational research grants are out and all the recipients have agreed to make presentations of

their findings at the 2013 Regional Meetings. New requests for proposals will be sent out after Christmas.

The researcher who had requested survey input from the member Boards had not received an adequate response, Ms. Turner reported.

19. Report of the State Board Relevance and Effectiveness Committee

Committee Chair Glover reported the Committee had decided to develop a benchmarking tool for Boards, which is being created on the basis of input from State Board executive directors with the help of NASBA Vice President Ed Barnicott. It is hoped this tool will help the Boards determine how effective they are and where they can use NASBA's help.

Care is being taken to ensure that the information gathered is made available in such a way that it could not be damaging to the State Boards. Mr. Glover said the Committee is working through that process now.

20. Report of the Bylaws Committee

Committee Chair Burks noted that page 12 of the NASBA Annual Report summarizes the Committee's work for the year. The Committee was going to address some reorganization issues but they had not met during the last quarter, due to the death of his daughter-in-law.

21. Report of the CBT Examination Administration Committee

Committee Chair Davenport reported the concern about people taking the Uniform CPA Examination multiple times (50-70 times) was set aside as the AICPA had determined that because of the 18-month rolling period for successfully completing the Examination, the possibility of harvesting questions was not a major issue. The Committee determined there was no need to limit the number of times an individual can take the Examination.

A new issue brought to the Committee concerns geographical coverage of the testing centers, Mr. Davenport reported. Prometric wants to change the language in its agreement to address "metropolitan statistical areas." It was determined that, if this language change occurred, it would not affect the candidates taking the Examination, he said. This issue will be considered by the Contract Steering Group.

Another change under consideration involves scratch paper. Candidates are now given two sheets of paper and Prometric is testing instead providing the candidates with laminated scratch pads that could be reused.

22. Report of the Compliance Assurance Committee

Committee Chair Janice Gray reported the Committee had held a face-to-face meeting that will result in conducting a survey on consistency of the oversight processes. The Committee met with the AICPA Oversight Task Force and they spoke at length about a process that needs to be started.

The National Peer Review Committee was to have two voting NASBA representatives and those members agreed not to produce a written report. However, the NASBA Committee

decided that information is needed if there is to be oversight of the process, Ms. Gray reported. NASBA representatives will continue to attend the Peer review Oversight Board's meetings.

With the assistance of NASBA's leadership, the Committee responded to a request from the California Board, Ms. Gray said.

23. Report of the Communications Committee

Communications Committee Chair Chickering reported the State Boards' communications officers would be holding a breakfast meeting on October 29. In addition, the Communications Committee will be making a presentation during the Annual Meeting on Board awareness programs and encouraging best model practices.

The Committee will continue to offer social media guidance and to ensure people are aware of NASBA services. Currently the Committee is working on a guide for model practices that will be available on NASBA's Web site. They are also developing a public service ad for the State Boards to use. Mr. Chickering said the Committee will continue to suggest meetings enhancements.

President Harris suggested that individuals who were not appointed to NASBA Committees, should consider being appointed as their Board's communications officer.

24. Report of the Committee on Relations with Member Boards

Committee Chair Lodden reported that the Regional Directors appreciated having Dan Dustin and John Johnson involved in communicating with the State Boards. The process of interacting with them is working well as reports from the Regional Directors and Mr. Dustin are being exchanged regularly.

There still are some facets of the new response vetting process that need to be clarified, Mr. Lodden observed, but they are being worked through. The Regional Directors had reviewed NASBA responses on proposed changes to 101-3 and the SARS standards in respect to compilations. Currently a response to the IAASB is under consideration.

The Committee has developed questions for the Regional Breakfast Meetings at the Annual Meeting and Focus Questions for the quarter. Mr. Lodden encouraged the NASBA Board members to suggest questions to the Regional Directors that would provide useful input from the State Boards.

25. Report from the Accountancy Licensee Database Committee

Mr. Odom reported 38 states are participating and 14 states are committed to ALD. The three states that are not committed are NJ, RI and UT. He urged the Board of Directors to do what they could to have those states become involved.

Thirty-three states are now live on CPE Verify, Mr. Odom said, with others implementing or partially implementing. However, NJ, RI and UT are not committed in any way to this project either.

26. Report on the International Qualifications Appraisal Board

Ray Johnson reported IQAB is still working on forging mutual recognition agreements with the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants in Scotland (ICAS). U.S. IQAB is ready to accept both bodies for agreements, but acceptance is awaited from them. Mr. Johnson said it is estimated that those agreements are a year away.

IQAB is also considering an agreement with the South African Institute of Chartered Accountants. As their program is under revision, an agreement with them is awaiting the completion of the restructured program. Mr. Johnson said IQAB is not ready to accept the program yet.

27. Report of the Enforcement Resources Committee

Committee Chair Parsons announced the Enforcement Resource Guide was now on-line for the use of executive directors. An investigator portal has been established through which State Boards can reach a pool of investigators for help. He thanked the NASBA staff for developing these resources with the Committee.

BrainShark is being used for the investigator training program, which will be on-line and tied to the enforcement guide, Mr. Parsons said. Future plans call for the certification of State Board investigators.

28. Thanks

On behalf of the Board, Chair Harris offered thanks for their service to Past Chair Michael Daggett, Director-at-Large Walter Davenport and Executive Directors Liaison Pamela Ives Hill. Also on behalf of the Board, Vice Chair Hansen thanked Chair Harris for his visionary leadership of the Board this year. The Board will next meet January 24-25 in Key West, FL.

29. Adjournment

The meeting was adjourned at 3:37 p.m.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
Highlights of the Board of Directors Meeting
January 25, 2013 – Key West, FL

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc., held on Friday, January 25, 2013 at the Marriott Key West Beachside Hotel in Key West, FL, the Board took the following actions:

- Unanimously elected E. Kent Smoll (KS) NASBA Treasurer and Kenneth R. Odom (AL) NASBA Secretary.

- Authorized NASBA leadership to prepare and submit a letter to the American Institute of Certified Public Accountants expressing the Board’s concerns about the AICPA’s Exposure Draft “Proposed Financial Reporting Framework for Small- and Medium-Sized Entities” and urging the AICPA to either table or withdraw its Framework proposal in order to allow the time necessary for the Financial Accounting Foundation’s Private Company Council to complete its plans to develop GAAP modifications or exceptions for small and medium-size entities.

- Heard a summary from Chair Gaylen R. Hansen (CO) of the meetings he had attended and his plans for attending others in the months ahead. Among the upcoming events will be NASBA leadership’s meeting with the Public Company Accounting Oversight Board. He thanked the Ethics Committee, Regulatory Response Committee, Regional Directors and others involved in developing NASBA’s responses to recent exposure drafts from the International Ethics Standards Boards for Accountants and the AICPA.

- Learned from President Ken L. Bishop that staff members have been meeting with the staff of the Center for Audit Quality, AICPA Federal and State Legislative Teams, The Accountants Coalition and other groups developing good relationships. Upcoming meetings are scheduled with the Center for Public Interest Law and the Congressional Accounting Caucus. Outside consultants have assisted NASBA in reviewing and reorganizing its human resources, information technology and finance departments.

- Heard from Executive Vice President and Chief Operating Officer Colleen K. Conrad that NASBA now has 40 Boards of Accountancy participating in the Accountancy Licensee Database and 35 in CPAverify. Only three states have not yet committed to future ALD or CPAverify participation. She also noted 23 jurisdictions have signed up to use the NASBA International Evaluation Services, and the Continuing Professional Education Registry now includes over 1,900 sponsors.

- Received a report from Vice Chair Carlos E. Johnson (OK) and Uniform Accountancy Act Committee Chair Kenneth R. Odom on the committee’s progress on the proposed redefinitions of “attest” and “report.” The Board of Directors is expected to consider an exposure draft on these proposals at their April 2013 meeting.

- Heard from Global Strategies Committee Chair Theodore W. Long, Jr. (OH) that the committee will be working on the strengthening of international relationships, but is not planning to develop an International Forum in 2013.

- Received a report from Southwest Regional Director Janice Gray (OK), a member of the AICPA Accounting and Review Services Committee, that at its January 15-17 meeting ARSC voted to pull its June 2012 *Association with Unaudited Financial Statements, Compilation of Financial Statements and Compilation of Financial Statements – Special Considerations Association/Compilation* exposure draft from consideration and to issue a new exposure draft in May, that will have a 90-day exposure period ending in September 2013. The proposed SSARS will reposition compilations as a non-attest service.
- Learned from Treasurer Kent Smoll that the Investment Committee of the Administration and Finance Committee had determined, based on NASBA's investments' performance this year, to continue using NASBA's current investment adviser. Treasurer Smoll praised Chief Financial Officer and Vice President Michael Bryant and NASBA's finance department for the new format of the financial statements which clearly show NASBA's expenditures made in support of its mission.
- Heard from Board Effectiveness and Legislative Support Committee Chair Donald H. Burkett (SC) that the committee is focused on assisting the Boards of Accountancy in their efforts to develop effective legislative strategies. To that end, NASBA Director of Legislative and Governmental Affairs John Johnson has commenced legislative consultation in Alabama, District of Columbia, Florida, Georgia, Montana, Puerto Rico, U.S. Virgin Islands and Wyoming.

The next meeting of the NASBA Board of Directors will be held on April 18, 2013 in Rancho Palos Verdes, California.

Distribution:

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

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Mojgan Hall Executive Director		2) Date When Request Submitted: 2/13/2013 Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: 4/11/2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? NASBA Focus Questions	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Please See the Attached Document.			
11) Authorization			
Mojgan Hall <hr/> Signature of person making this request Date			
<hr/> Supervisor (if required) Date			
<hr/> Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

MEMORANDUM

February 7, 2013

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

As Chair of the 2012-13 Committee on Relations with Member Boards, I would like to thank you for your assistance with our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its Member Boards. With this set of Focus Questions, we hope to receive more helpful information from your Board.

I hope your Board is making plans to have its representatives attend the Executive Directors Conference and State Board Legal Counsel Conference, March 3-6, in Tucson, AZ. 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 ,

Jeff Chickering

Central Director – **Douglas W. Skiles** Phone: 308-345-5100 dskiles@msl-cpa.com

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

Great Lakes Director – **Kim L. Tredinnick** Phone: 608-240-2318 kim.tredinnick@bakertilly.com

Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin

Middle Atlantic Director – **Bucky Glover** Phone: 704-283-8189 bglover@gotopotter.com

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

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

Colorado, Idaho, Montana, Nevada, Utah, Wyoming

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

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

Pacific Director – **Donald F. Aubrey** Phone: 206-369-1141 don@rebarccpa.com

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

Southeast Director – **Jimmy E. Burkes** Phone: 601-326-7118 jburkes@hrbccpa.com

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

Southwest Director – **Janice L. Gray** 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 Executive Directors to place the following questions early on the agenda of their next board meeting to allow for sufficient time for discussion. **Please send your Board's responses to your Regional Director by April 8, 2013.** Use additional space for your responses if needed.

JURISDICTION _____ **DATE** _____

NAME OF PERSON SUBMITTING FORM _____

1- What has your Board done to ensure a high percentage of CPE compliance?

2- Should NASBA urge universities to put a CPA track in their programs, one offering specific classes focused on subject areas needed to pass the Uniform CPA Examination? Is there an outstanding model in your state?

3- One state has considered requiring a forensic accountant to have a private investigator's license. Has your state established/considered a similar requirement?

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

5- Are there any ways in which NASBA can assist your Board at the present time?

JURISDICTION _____ **DATE** _____

NAME OF PERSON SUBMITTING FORM _____

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):

February 7, 2013

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request:		2) Date When Request Submitted:	
		Items will be considered late if submitted after 4:30 p.m. and less than: ■ 10 work days before the meeting for Medical Board ■ 14 work days before the meeting for all others	
3) Name of Board, Committee, Council, Sections: Accounting Examining Board			
4) Meeting Date: April 30, 2013	5) Attachments: x Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? NASBA Committee Interest	
7) Place Item in: x Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing?	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Review, discuss and consider NASBA committee interest.			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda)		Date	

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

TO: State Board Members, State Board Executive Directors and NASBA Associates:

To begin planning for NASBA's 2013-14 committee cycle, please find attached copy of the NASBA Committee Interest form. We ask that you—our valued stakeholders-- complete and return this form by April 25, 2013.

Once received, 2013-14 committee assignments will be made by the Planning Committee, based on the information contained in these forms. Even if you currently serve on a committee, we request you indicate your interest in continuing to serve next year by submitting a completed form.

Your form may be completed and submitted via email to either Anita Holt aholt@nasba.org or Denise Flagg dflagg@nasba.org, or you may fax your form to 615.880.4291. Plans are also underway to launch a new online option whereby forms can be completed and submitted via NASBA.org. Note: Instructions will be shared closer to the upcoming launch date. In addition to understanding your areas of interest, we are also seeking additional, detailed information from our stakeholders in an effort to build our membership database. As a reminder, all State Board Members and NASBA Associates are eligible to serve; however, note that Associate Members must meet rules and guidelines set forth in NASBA's Bylaws, which are described below. A link has also been provided for full viewing of these bylaws [here](#).

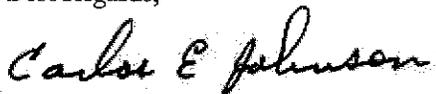
Article III, Section 3. All former Delegates or persons who have been members of Member Boards shall be Associates of the Association provided that their dues, established in accordance with these bylaws, have been paid in full for the current fiscal year. Associates shall have the privilege of the floor and may propose motions, resolutions, or other actions at all meetings of the Association and shall be eligible for service as officers, directors and members of committees within the limitations established by these bylaws

NASBA's committees are the bodies that keep NASBA a vital organization. They uphold the association's structure (like the Bylaws Committee, the Administration and Finance Committee, the Audit Committee, etc.), take ideas and convert them into practical strategies (like the Uniform Accountancy Act Committee, Communications Committee, Continuing Professional Education Advisory Committee, etc.), and create the vision for NASBA's future (like the Global Strategies Committee, the Ethics & Strategic Professional Issues Committee, the Regulatory Response Committee, etc.).

Much of their work is accomplished via conference calls and e-mail, but they may also require in-person meetings. Through NASBA committees, State Board Members share what they have learned with those from other states to further NASBA's mission: "To enhance the effectiveness and advance the common interest of the Boards of Accountancy."

I encourage you to volunteer your knowledge, abilities and time to NASBA by serving on a committee during the next year.

Best Regards,



Carlos E. Johnson, CPA, Ed. D.
NASBA Vice Chair, 2012-13

**COMMITTEE INTEREST REQUEST FORM
NASBA Committee 2013-2014**

Accountancy Licensee Database/CPA verify
Administration and Finance Committee
Audit Committee
Awards Committee
Board Effectiveness and Legislative Support Committee
Bylaws Committee
CBT Examination Administration Committee
Communications Committee
CPA Examination Review Board
Compliance Assurance Committee
CPE Committee

CPE Committee
Education Committee
Enforcement Resource Committee
Ethics & Strategic Issues Committee
Executive Directors Committee
Global Strategies Committee
International Qualifications Appraisal Board
Regulatory Response Committee
UAA Committee

Complete the following if you would like to serve on a NASBA committee in 2013-2014.

Name Board

Firm

Address

City State Zip Code

Telephone Facsimile E-mail

2012-13 Current NASBA Committee Service: _____

I would like to continue on this committee: (Circle) Yes No
(If circled YES this will be listed as your first choice unless otherwise noted)

Select each committee you are interested in from the above list and indicate whether it is your first, second, or third choice.

Committee Choice	First Choice	Second Choice	Third Choice
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please submit to:

NASBA

150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417

Telephone: (615) 880-4202 FAX: (615) 880-4291 Email: aholt@nasba.org

ATTN: Anita Holt

Deadline: April 25, 2013

Committee Interest Form - Membership Demographics

Area(s) of specialization (select all that apply):

- | | | |
|--|---|---|
| <input type="checkbox"/> Accounting – Governmental | <input type="checkbox"/> Accounting - IFRS | <input type="checkbox"/> Accounting – Not for Profit/Non-profit |
| <input type="checkbox"/> Accounting - Private | <input type="checkbox"/> Accounting – Public | <input type="checkbox"/> Advisory Services – Computer |
| <input type="checkbox"/> Advisory Services – Financial | <input type="checkbox"/> Advisory Services – Management | <input type="checkbox"/> Audit – Governmental |
| <input type="checkbox"/> Audit – Internal Controls | <input type="checkbox"/> Audit – International | <input type="checkbox"/> Audit – Not for Profit/Non-profit |
| <input type="checkbox"/> Audit – Private | <input type="checkbox"/> Audit – Public | <input type="checkbox"/> Education |
| <input type="checkbox"/> Ethics | <input type="checkbox"/> Financial Planning | <input type="checkbox"/> Law |
| <input type="checkbox"/> Peer Review | <input type="checkbox"/> Taxation | <input type="checkbox"/> Valuation |
- Other: _____

Public Speaker: Yes No

Topics of Past Talks

Where

Current Association Membership(s)

Topics of Published Articles

Publication Name

Classes Taught

Where

Membership on Special Committees

Organization Name

Awards Received Outside NASBA

Organization name

Languages spoken (select all that apply):

- | | |
|-------------------------------------|----------------------------------|
| <input type="checkbox"/> English | <input type="checkbox"/> Spanish |
| <input type="checkbox"/> Japanese | <input type="checkbox"/> Chinese |
| <input type="checkbox"/> Vietnamese | <input type="checkbox"/> Arabic |
| Other: _____ | |

Certifications (select all that apply)

- | | | |
|------------------------------|-------------------------------|---------------------------------------|
| <input type="checkbox"/> ABV | <input type="checkbox"/> ASA | <input type="checkbox"/> CFA |
| <input type="checkbox"/> CFE | <input type="checkbox"/> CFF | <input type="checkbox"/> CFP |
| <input type="checkbox"/> CIA | <input type="checkbox"/> CITP | <input type="checkbox"/> CMA |
| <input type="checkbox"/> CVA | <input type="checkbox"/> EA | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> RTP | <input type="checkbox"/> PFS | |

School(s) attended

Degree Obtained

Current Employer: _____

Gender: Male Female

Are you a Peer Reviewer: Yes No

Estimated Availability for Volunteer Time in terms of hours per month: _____

NASBA Committee Charges for 2012 – 13

Accountancy Licensee Database/CPAverify Committee

Achieve recognition and acceptance of the Accountancy Licensee Database and CPAverify by all Boards of Accountancy and relevant stakeholders.

Administration and Finance Committee

Oversee and monitor the fiscal operations of the Association.

Audit Committee

Oversee the annual financial statement audit, the internal controls, and the safeguarding of assets of the Association, and shall recommend to the Board Directors the firm to perform the audit.

Awards Committee

Recommend to the Board of Directors recipients of the Distinguished Service Award, William H. Van Rensselaer Public Service Award, and Lorraine P. Sachs Standard of Excellence Award.

Board Effectiveness and Legislative Support Committee

Develop strategies to assist Boards of Accountancy in efforts to improve effectiveness and support the Director of Legislative Affairs in developing an effective legislative strategy.

Bylaws Committee

Review and recommend amendments to the Bylaws to the Board of Directors.

CBT Examination Administration Committee

Promote effective and efficient administration and operation of the Uniform CPA Examination.

Communications Committee

Promote effective and efficient communication among Boards of Accountancy, NASBA, and their respective stakeholders.

Compliance Assurance Committee

Promote effective oversight of compliance with professional standards by CPAs and their firms.

CPA Examination Review Board

Review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and other examinations in general use by Boards of Accountancy for the licensing of certified public accountants; examine such records, and make observations, inspections, and inquiries as it deems necessary; and report annually to the Boards of Accountancy.

CPE Committee

Oversee the joint AICPA/NASBA CPE Standards Committee and related Statement on Standards for Continuing Professional Education Programs.

Education Committee

Oversee the entry-level education requirements to the accounting profession.

Enforcement Resources Committee

Promote effective, efficient, and where appropriate uniform, enforcement of professional standards by Boards of Accountancy.

Ethics and Strategic Issues Committee

Promote the development and maintenance of high-quality standards of ethical practice to protect the public interest. Consider significant forward-looking issues and their strategic relevance to both Boards of Accountancy and NASBA.

Executive Directors Committee

Support Executive Directors in their roles with Boards of Accountancy.

Global Strategies Committee

Monitor international professional issues impacting the public interest and the ability of licensees to practice globally.

International Qualifications Appraisal Board (Joint Committee)

As directed by the Executive Committee, survey and assess professional practice standards and qualifications in specified countries and recommend the feasibility of Mutual Recognition Agreements to the Board of Directors.

Nominating Committee

Nominate officers and directors, in accordance with NASBA's Bylaws.

Past Chairs Advisory Council

Provide background and counsel on current issues framed with a historical perspective.

Regulatory Response Committee

Develop timely proposed responses on professional practice developments.

Relations with Member Boards Committee

Provide reciprocal communication between Boards of Accountancy and NASBA Board of Directors.

Uniform Accountancy Act Committee

Oversee the Uniform Accountancy Act and related Model Rules and recommend amendments to the Board of Directors.

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