

Idaho State Board of Accountancy

Board/Commission Members: David Westfall, CPA; T. Layne VanOrden, CPA; Scott Dockins, CPA; Jason Peery, CPA; D. Jae Hallett, CPA; Jim Bell, CPA; Julie Ellsworth, Public Member.

Board/Commission Composition: *Five (5) licensed CPA's; One (1) licensed CPA or licensed LPA; One (1) public member,*
<https://legislature.idaho.gov/statutesrules/idstat/Title54/T54CH2/SECT54-203>

The Idaho Board of Accountancy was created by an act of the Legislature in 1917 under Title 54, Chapter 2. Accountants were originally licensed by the department of law enforcement, and Idaho licenses were issued beginning in 1917. The 1917 act created a five-member board appointed by the governor from accountants residing in the state for the purpose of issuing licenses to accountants who were qualified to practice. In 1976, the LPA license was added and accountants who were practicing accounting were allowed to grandfather as licensed public accountants. In 1993, one licensed public accountant and one public member was added to make a 7-member board. In 2016 the governor passed a law that allowed candidates for the Board to be able to be nominated from citizens and not just from member organizations within the state. The aforementioned 2016 statute change also included that board members will serve at the pleasure of the governor.

The primary obligation of the board is to protect the public by assuring that licensees under its jurisdiction are adhering to the statutes and rules regarding qualification, professional ethics and conduct. Not all accountants are licensed, individuals who do accounting work are allowed to use the title Accountant but only licensees can use the title Certified Public Accountant or Licensed Public Accountant and or CPA or LPA. As of June 2018 (FY 2018), Idaho has 3,200 licensed CPA's, of which 2842 are Active, 217 Inactive and 141 Retired. For the same period, Idaho has 13 licensed LPA's, of which 10 are Active and 3 are Retired. A total of 2,382 active licensees reside in Idaho, 461 active licensees reside in another state, all of which are certified public accountants. Nine active licensees, all of which are certified public accountants, reside in another country. All active licensed public accountants reside in Idaho. The board also registers firms that provide peer reviewable services. Currently there are 234 active firms, 208 of those firms are in Idaho.

Criminal convictions are considered on a case-by-case basis. Felony convictions are considered misconduct by board rule. Misdemeanor convictions are not considered misconduct by rule. Felony convictions may result in license denial particularly if related to the unethical practice of accounting. The proximity in time of a conviction, restitution, community service, military or other public service may be a factor in considering rehabilitation and licensure.

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Active duty military licensees are exempted from paying renewal fees per 67-2602A Idaho Code. They are also exempted from completing continuing professional education when deployed.

Index of Statute, Rule, and Policy Requirements for Licensure and Renewal

		Statute I.C. §	Rule IDAPA ###.###.###	Policy	Application	Time from Complete Application to Final Action		Basis to Deny or Not Accept Application	Basis to Refuse Renewal	Fees	Cost per applicant or licensee
						Range	Average				
License CPA	Issuance Requirements By Examination, Reciprocity, and Transfer of Grades	I.C. § 54-207 & 54-208 & 54-210 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECTION54-207/	IDAPA 01.01.01 300 https://adminrules.idaho.gov/rules/current/01/	Staff approval with Board ratification	CPA by Exam I.C. § 54-207 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECTION54-207/	0-7	4.73	I.C. § 54-207 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECTION54-207/		IDAPA 01.01.01 701 I.C. § 54-212 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECTION54-212/	\$ 2 6 2
	140 Initial licenses issued in FY17	https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECTION54-208/ https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECTION54-210/									

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	Renewal Requirements 3,200 licenses renewed in FY17	I.C. § 54-211 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-211/	IDAPA 01.01.01 301 https://adminrules.idaho.gov/rules/current/01/	Staff approval with Board ratification	I.C. § 54-211 (b) https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-211/	0-1	1	I.C. § 54-211 (b) https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-211/	I.C. § 54-219 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-219/	IDAPA 01.01.01 701 I.C. § 54-212 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-212/	\$ 2 4
Firm Registration	Issuance Requirements 8 new Firms registered in FY17	I.C. § 54-214 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-214/	IDAPA 01.01.01 600-606 https://adminrules.idaho.gov/rules/current/01/	Staff approval with Board ratification	I.C. § 54-214 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-214/	0-4	1	I.C. § 54-214 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-214/			\$ 1 4
	Renewal Requirements 239 Firm renewed in FY17	I.C. § 54-214 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-214/	IDAPA 01.01.01 600-606 https://adminrules.idaho.gov/rules/current/01/	Staff approval with Board ratification	I.C. § 54-214 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-214/	0-1	1	I.C. § 54-214 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-214/	I.C. § 54-219 https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-219/	IDAPA 01.01.01 702 I.C. § 54-212; https://legislature.idaho.gov/statutesrules/idstat/Title54/Title54CH2/SECT54-212/	\$ 2 5

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Applications and Renewals Denied (July 01, 2017 – July 01, 2018)

Refusal to Issue Initial License [2]

	Application/ Identification Number	Statutory Basis	Factual Summary (optional)
1	5765	54-210	Failed to provide documentation within 180 days, later re-applied and provided documentation and was approved.
2	7771	54-210	Failed to provide documentation within 180 days, later re-applied and provided documentation and was approved.

Refusal to Renew License [Total Number: 0]

Disciplinary Actions (suggested past 5 years)

Case No	Date of Final Action	Action Taken	Statutory Basis	Factual Basis (optional)
2017-10	04/25/2018	Probation, Fine \$3,000	54-204(4), 54-219(1)(d)(e)(o)	Felony Conviction or Guilty Plea. Failure to reply to Board inquiries
2017-09	01/18/2018	License lapsed 'In Lieu of Discipline'	54-219(1)(f)	Lack of Good Moral Character
2017-08	09/19/2017	Probation	54-219(1)(c)	Lack of Due Professional Care
2017-07	02/08/2018	License lapsed 'In Lieu of Discipline" for 5 years.	54-214, 54-220, 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2017-06	01/18/2018	Fine \$2,000, Complete Peer Review	54-214, 54-219(1)(d)	Firm Registration/Peer Review Noncompliance. Failure to respond to Board inquiry.
2017-05	07/27/2017	Fine \$3500, Complete Peer Review	54-204(4), 54-214, 54-219(1)(o)	Firm Registration/Peer Review Noncompliance

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2017-04	07/27/2017	Fine \$1000, Complete Peer Review	54-214, 54-219(1)(o)	Peer Review Non-compliance
2017-02	04/26/2017	Fine \$250	54-219(1)(d), 54-204 54-220	Holding out without a license
2016-09	04/26/2017	Fine \$1,000, Complete Peer Review	54-219(1)(d)(o) 54-204	Firm Registration/Peer Review Noncompliance
2016-08	10/20/2016	Fine \$3750, complete Peer Review	54-214, 54-204, 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2016-06	04/26/2017	Fine \$3500, complete Peer Review	54-204 (4) 54-214, 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2016-05	10/20/2016	Fine \$250	54-219(1)(e)	Failure to Notify Board of Felony Charge
2016-04	07/14/2016	Fine \$3500, complete Peer Review.	54-214, 54-204 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2016-03	04/28/2016	Fine \$2500, complete Peer Review	54-214, 54-204, 54- 219(1)(d)	Firm Registration/PR Noncompliance
2016-02	04/28/2016	Suspension	54-219(1)(e)	Lack of Good Moral Character
2016-01	04/28/2016	Revocation	54-219(1)(e)(f)(o)	Felony Conviction or Guilty Plea, Embezzlement
2015-09	04/28/2016	Reprimand, Fine \$500	54-219(1)(o), 54-204	Failure to meet Professional Standards, client confidentiality
2015-06	10/22/2015	Fine \$3500, complete Peer Review	54-214, 54-204 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2015-05	07/08/2015	Fine \$3500, complete Peer Review	54-214, 54-204 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2015-01	04/28/2016	Suspension, probation, Fine \$12,500	54-219 (1)(c)(d)(o) 54-204 IDAPA 400.03	Failure to meet Professional Standards. Failure to comply with Board Final Order
2014-10	04/23/2015	Fine \$5000, complete Peer Review	54-204,54-214 54-219(1)(d)	Firm Registration/Peer Review Noncompliance

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2014-09	02/20/2015	Revocation	54-204(4), 54-214(1) 54-219(1)(d)	Firm Registration/Peer Review Noncompliance. Failure to comply with Board Final Order
2014-08	07/08/2015	Probation and license restriction, Fine \$7,500	54-214 54-219(1)(d)	Firm Registration/Peer Review Noncompliance
2014-06	07/31/2014	Suspense and probation, Fine \$2,000	54-219(1)(c)(o)	Failure to meet professional standards
2014-04	10/16/2014	Fine \$1,500	54-219(1)(o)	Lack of Due Professional Care
2013-12	01/16/2014	Revocation	54-204, 54-219(1)(f)	Embezzlement
2013-10	05/12/2014	Probation, Fine \$3,000	54-204, 54-219(1)(o)	Lack of Good Moral Character

Law, Rule, or Policy Changes or Attempted Changes in Last 5 Years to Eliminate Barriers to Entry

Session	Legislation	Summary
2017	IDAPA 01.01.01-1701 https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2017/interim/adminrules/0101011701G30.pdf	Board adopted new joint standards from the American Institute of Certified Public Accountants (AICPA) & National Association of State Boards (NASBA) which we feel makes it easier for licensees to obtain quality Continuing Professional Education (CPE) that best fits their learning styles in order to maintain/renew their license annually.
2016	IDAPA 01.01.01-1601 http://legislature.idaho.gov/wp-content/uploads/sessioninfo/2016/interim/adminrules/0101011601G25.pdf	Board added a new rule which would allow those licensees who at the time of lapsing their license were in good standing with the Board to refer to themselves as a former CPA. The Board worked with the Idaho Society of CPAs to make this addition to the rules which relaxes regulation.
2014	IDAPA 01.01.01-2014-02 http://legislature.idaho.gov/wp-content/uploads/sessioninfo/2014/interim/adminrules/0101011402G64.pdf	Board amended a rule that now requires only those firms who offer peer reviewable services to be registered with the Board. This allows those firms or individuals not offering peer reviewable services to be exempt from the registration requirement.

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2014	SSARS 21	The AICPA with the help of NASBA passed an amendment to section 21 of the Statement on Standards for Accounting Review services which allowed firms/ individuals who provide peer reviewable services to now provide the non-peer reviewable service of financial statement preparation. This is a lower service the gives firms the ability to provide a wider range of services to clients. Idaho adopted this amendment to allow Idaho firms to conform.
2016	AICPA & NASBA agreement to add to Testing Windows	While not a statute or rule change the AICPA with approval from members of NASBA which the Idaho Board is, the actual number of testing days was extended to the 10 th day of the third month in a testing window. This give exam candidates or potential new licensees additional days to test during a year. Due to way the Idaho Rules are written, no official rule change was needed.

The Idaho Board is an active participant within the National Association of State Boards (NASBA) via committees and conferences. Board members are on committees which include education for licensure, standard setting for audit and attestation services, continuing professional education for active licensees and enforcement guidelines. While these are national committees, it's from these committees that proposals are made to the Uniform Accountancy Act which is where states find model statutes and rules. Therefore, the Idaho board is active in evaluating issues on a national level and how they can impact and potentially be incorporated into the Idaho Act & Rules to not only protect the public but to also evaluate unnecessary regulation as we face a changing industry due to technological changes. The executive director also participates on both a CPA Examination Administration committee with both NASBA and State Board Exam Relations committee with the American Institute of Certified Public Accountants (AICPA).

Both the SSARS 21 and Testing Window changes noted in the above are a result of work done by committees which included Idaho representation and show a commitment to reviewing and working with current statutes, rules and policies to see how they can be adapted to the environment we are currently experiencing. Changes at the national level to the uniform exam will also be brought forth in the years ahead. One of the major changes would be for year around testing without a dead period of 20-21 days in each quarter that we currently experience. The Idaho Board is in support of this change as it would allow candidates more opportunities to test and therefore successfully

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pass the required sections of the exam in the specified period. Discussions are also taking place on the national level about length of time a candidate would have to pass all sections of the exam. The current period is 18 months and the discussion is to move it to a 24-month period for successful completion of the exam. The Idaho Board will continue discussions on this but a favorable recommendation is proposed.

As the Idaho CPA population continues to age, the Board will continue to work with the Idaho State Society of CPAs to how best create a pipeline of candidates in a fashion that they also feel is fair yet rigorous enough to support the reputation of a CPA. The Board has also requested the executive director work with the accounting departments at Idaho's institutes of higher education.

A Board issue that will hopefully make things easier for licensure candidates is that the Board is looking at a new software database which would allow for more online applications to be used particularly for initial licensing, firm registration, exam and re-exam applications. The Board currently uses online as a source for annual renewals and is well utilized.

Assessment of Public Interest

The licensing provisions are in the public interest as certified and licensed public accountants provide services that directly impact the public. Use of the financial reporting and audit reports of CPA firms are relied on heavily by third parties such as financial institutes to determine an entities credit worthiness, buy/sell decisions of Idaho citizens for businesses, stocks, etc. To know the producer of financial information must meet and maintain specific qualifications to continue to be licensed gives those relying on the information a greater level of assurance. The laws and rules establish minimum competency standards of education, examination, and experience for obtaining and retaining a license and are designed to help provide public protection. With the rise of commerce by CPAs across state lines either with their physical presence or via the internet, it is important that Idaho aligns its qualifications and requirements closely to the nationally accepted standards. Too much variation could put Idaho CPA's in jeopardy of not being able to either conduct business in another state through the mobility law or receive a reciprocal license through another state they may relocate to predicated on a career decision. Idaho strives to maintain its 'substantial equivalency' in regard to qualifications. This allows our current licensees to be able to conduct business in other jurisdictions without acquiring or meeting additional requirements. The Idaho board will continue to monitor and exam our qualifications which may create unnecessary obstacles for licensure. One example of how the Idaho board has done this is in the area of education to sit for the CPA exam. While Idaho has certain course requirements such as having at a minimum a bachelor degree and courses in business with an emphasis in accounting, Idaho allows a candidate to sit for the exam without the 150 credit hours that many states require before someone is granted authorization to test. Idaho does require 150 credit hours of education for licensure but the fact that a candidate can sit immediately after achieving a bachelor degree has been noted as very favorable by many candidates. When it comes to licensing specifically, another example

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of where the Idaho board has shown flexibility while also maintaining the status of substantially equivalency is the experience requirement. In Idaho the requirement is 2,000 hours or one year of work in the accounting field but there is not a requirement that so many hours must be obtained in auditing, tax, consulting, etc. Many states have the one-year requirement but also have a specific requirement in specific areas, particularly audit. Due to the geographical nature of the state and the number of firms who preform services such as in the scope of audit and attestation, the board feels a specific requirement in this area of experience before licensing could be an obstacle.

The public, board staff, and other licensees file complaints that are investigated and addressed with disciplinary actions when necessary. Discussions with licensees regulated by the statutes and rules support the current licensing framework as effective for the intended mission and don't agree with changes that would lower the standards for competency. Based on the number of responses we received directly into the agency for comment by interested parties on the Executive Order, it is the opinion that the licensees and potential candidates are not opposed to the current process, requirements and standards. The CPA brand and what it represents is recognizable and one of the most respected licenses in the country. Due to the financial crisis' our country has faced, there is a need to ensure competency and accountability for those providing services the public relies on when it comes to making financial decisions. CPA's are recognized for the integrity, ethics and the requirement they undergo professional education on a yearly basis. Idaho has an Ethics requirement within the annual continuous professional education plans. Continuous education is in the public interest. One needs to look no further than the new tax law to see the value CPA's will provide to the citizens of Idaho. The accounting profession is dynamic and will continue to be so with the advent of more technology and new concepts such as data analytics, blockchain and cryptocurrency. The public will look to professionals such as CPA's to help them navigate through these new financial waters. It should also be noted that the Idaho board has a tremendous working relationship with the leading CPA membership organization in the state, the Idaho Society of CPA's. Frequent communication between the agency and the Society has proven to work and the board is always interested in the comments, suggestions and proposals from the Society when it comes to the future of CPA's in the state and requirements to become and maintain a license.

Recommendations for Improvement, Modification, or Elimination of Requirements

The board, through a cooperative agreement between the AICPA, NASBA and Prometric Testing Centers administer the Uniform CPA Exam. The board also uses the Uniform Accountancy Act (UAA) as a model for statutes and rules. Using the UAA has, in the opinion of the board, been critical in Idaho licensees being allowed individual mobility and being considered as being a state of substantial equivalency. The value to a licensee is that they will be able to have practice privileges in all states without having a physical presence in that state or that

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they would be licensed via reciprocity in a state in which they have a need or want to be licensed due to their presence in that state. With licensees who conduct business in all parts of the country through technological advancements and delivery methods or Idaho licensees who work for a firm with a presence in multiple states they know their Idaho license is going to be recognized in all jurisdictions nationwide. Because of the work and knowledge board staff has with licensing requirements in Idaho as well as other jurisdictions, staff has been delegated the authority to license individuals who meet the qualifications for licensure immediately upon review of a completed application with board ratification at the next board meeting. This helps to expedite the process for initial licensees, renewals and reciprocity/grade transfer applicants. The Idaho board also has a clause that allows the board to waive reciprocity licensing requirements of education, exam score verification, experience, continuing professional education and an ethics examination if the applicant has been licensed for no less than four years as a CPA within a ten-year period immediately preceding the application. The board, as will be described below, is also looking at options to expedite the gathering of the information previously mentioned for those current licensees of another state you are coming to Idaho but have not been licensed for no less than four years within the ten-year period preceding the application.

Recommendations for improvement, modification or elimination of licensure or renewal requirements within the department or agency's jurisdiction. Specifically, identify: (1) suggestions on requirements for initial licensure that can be eliminated; and (2) suggestions on requirements for renewal that can be eliminated.

1) Through this opportunity to work on the Executive Order and provide information, the board has devoted time at each of its quarterly meetings to evaluating existing statutes and rules. It has been a very worthwhile undertaking which has created numerous discussions from various points of view. During this time, each board member was willing to come to each meeting prepared to examine our statutes and rules. After numerous sessions, the board feels that with our exam being a uniform exam and initial licensing tied to not only the exam but also the concept of license mobility and reciprocity issues there are no statutes or rules for licensing which should be eliminated. The board also does not feel there should be any extensive changes to the statutes or rules regarding licensing as well. Keeping the current statutes and rules are advantageous to our licensees. The board considers the current statutes and rules are in the best interest of protecting the public and the reputation of the CPA credential.

The board, however, will continue to work with the Idaho Society of CPA's on both potential future statute and rule changes. Conversations will continue with the Society and stakeholders surrounding the requirement waiver for individuals licensed in another state and are applying for a like license in Idaho with regard to education, verification of exam scores, continuous professional education and an ethics exam. Because Idaho views all 50 jurisdictions of the United States as substantially equivalent, it would be logical that if another state initially

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licensed an individual and they are currently and active licensee in good standing in another jurisdiction deemed as substantially equivalent those factors mentioned which were originally evaluated in the other jurisdiction could be waived for all reciprocity applicants.

2) The board's current renewal process is online and is utilized by over 98% of licensees. A licensee renews their license and by the following day their license has been updated. The exception is in cases where a licensee has disclosed some kind of charge or disciplinary action through the courts or another state or federal agency. In those cases, the situation is evaluated by Board staff and if the disclosure doesn't rise to the level the executive director feels should involve further investigation, the renewal is approved and ratified by the board at the next meeting. One of the components to be eligible for renewal is a licensee's completion of continuous professional education (CPE). It should be noted that a license is on a fiscal year calendar, July to June. The continuous professional education, however, is on a calendar year. This is important and is favorable to the licensee because the report on their CPE is due no later than January 31st of each year. If there are any issues with their reported education they still have five months to correct any deficiencies to be eligible for renewal. The board feels this alleviates the possibility of a licensee not being eligible for renewal due to the continuous education aspect of the profession.

Through the process, the board did identify areas which can impact the licensing process. These changes come in the form of proposing amendments to current rules, policy changes and advocacy efforts at the national level. These include:

- In the area of reciprocal licensing, the board recommended to staff to utilize the Accountancy License Database (ALD) which is operated by NASBA and made available only to state boards. Board staff would be able to obtain information which normally needs to be sent through regular mail via an electronic format which would increase the efficiency in obtaining the information while reducing delays.
- Board staff will continue to promote the idea of allowing year around testing of the CPA exam without any blackout periods during the year. Board staff will work with the AICPA and NASBA in this process. Year around testing, as mentioned, will give candidates potentially more opportunities to pass the exam within the required timeframe. The board will also be open to national discussion on expanding the timeframe for passage from 18 to 24 months.
- The board will consider a rule for the 2019 legislative session which would allow for CPE reciprocity. CPE reciprocity would allow a licensee who has an Idaho license but resides and is licensed in another jurisdiction to simply make a statement stating they are in compliance with the CPE requirements of the state they reside. This would remove the need for them to file a CPE report with the Idaho board. These licensees, however, would not be excluded from providing a CPE report to the Idaho board should their CPE be selected for audit purposes.

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- The board is proposing a rule change which will allow individuals with either an Inactive or Retired CPA license to now be able to perform volunteer, uncompensated services: tax preparation services, participate in a government sponsored business mentoring program, serve on the board of directors for a nonprofit or governmental organization, or serve on a government-appointed advisory board and will not have to complete or submit CPE. If the CPA provides the foregoing volunteer, uncompensated services, the CPA has a duty to ensure that they hold the professional competencies necessary to offer these services. Currently, Inactive or Retired licensees are prohibited from providing these services unless they completed CPE.