

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

The Regular Session of the Idaho State Board of Accountancy was called to order at 8:31 AM in Boise, Idaho with Chair Samuel K. Cotterell, CPA, presiding. The Board adjourned to Executive Session at 8:38 AM. The Executive Session concluded at 9:55 AM. After a brief break, the Regular Session reconvened at 10:09 AM. A recess occurred from 12:00 Noon to 12:15 PM, after which time the Regular Session resumed during a working lunch. The Regular Session adjourned at 2:24 PM.

**ROLL CALL:** The following members of the Board were present:

Sam Cotterell, CPA  
Tom Jones, CPA  
Larry Stewart, LPA  
Don Etter, Public Member  
Kitty Pumphrey, CPA  
Larry Bird, CPA  
Jim Pilcher, CPA

Barbara Porter, Executive Director; Sue Lenon, Board Secretary and Larry Hunter, Attorney was also present.

Terry M. Bayless, CPA; Linda Trent, CPA; W. L. Grigg; Jerry Berggren, CPA and Melissa Nelson, Executive Director of the Idaho Society of CPA's were present as guests.

**1. CONVENE REGULAR SESSION:**

*(A) Introduction of New Board Member & Recognition of Out-Going Member:* Mr. Cotterell introduced Mr. James R. Pilcher, CPA as the newest member of the Board. Mr. Pilcher was appointed to the Board by Governor Dirk Kempthorn for a five year term commencing September 25, 2000 through August 31, 2005. A resolution from the Board thanking Mr. Leonard Hodge for his service to the Board from September 21, 1995 through August 31, 2000 was introduced. Mr. Jones motioned to support the resolution. Ms. Pumphrey seconded the motion. Motion carried.

*(B) Approve Minutes of June 21 Meeting:* Mr. Etter motioned to approve the minutes of the June 21, 2000 Regular Session. Mr. Jones seconded the motion. Motion carried.

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

**2. EXECUTIVE SESSION:**

Mr. Cotterell, citing *Idaho Code* Section 67-2345 (1)(d) & (f), motioned to adjourn to Executive Session for discussion of complaints and disciplinary proceedings before the Board. Mr. Jones seconded the motion. All members of the Board present voted as follows: Larry Stewart, LPA, yes; Kitty Pumphrey, CPA, yes; Larry Bird, CPA, yes; Don Etter, yes; Tom Jones, CPA, yes; and Jim Pilcher, CPA, yes; Sam Cotterell, yes.

\*\*\*When the Regular Session resumed, the Board addressed the items from the October 4, 2000 Executive Session.

(A) *Approve Minutes:* Mr. Etter motioned to approve the minutes of the June 21, 2000 Executive Session. Mr. Jones seconded the motion. Motion carried.

(B) *Status Reports/Review Complaints:* Mr. Bird motioned to dismiss and close Docket #01-06. Mr. Etter seconded the motion. Motion carried. Based on Board staff action to withdraw complaints filed for failure to renew, Mr. Bird motioned to close the following dockets: Docket #01-02, Docket #01-03, Docket #01-04 and Docket #01-05. Mr. Stewart seconded the motion. Motion carried. Mr. Bird motioned to dismiss and close Docket #00-21. Ms. Pumphrey seconded the motion. Motion carried. Mr. Bird motioned to close Docket #00-19. Mr. Stewart seconded. Motion carried. Mr. Bird motioned to close Docket #99-10. Mr. Etter seconded the motion. Motion carried. Mr. Bird motioned to direct staff to initiate negotiations for a stipulation and consent agreement in: Docket #01-01 and Docket #00-17. Mr. Pilcher seconded the motion. Motion carried.

Ms. Porter updated the Board on Cease & Desist files for Fiscal Year 2001.

Mr. Cotterell appointed the following to the Investigative Committee: Mr. Bird, Investigative Committee Chairman, Mr. Pilcher and Ms. Pumphrey members.

(C) *Exam and Licensure Special Considerations:* Mr. Cotterell motioned to approve Mr. Loutzenhiser and Mr. Rullman to sit for the exam and Mr. Campbell for licensure. Ms. Pumphrey seconded the motion. Motion carried.

(D) *Review May 2000 Exam Grades:* Ms. Porter presented the results of the Uniform CPA Examination in Executive session.

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

**3. DISCUSSION OF NASBA ANNUAL MEETING TOPICS OF INTEREST:**

*(A) SEC Proposal on Auditor Independence Rules Changes:* Mr. Cotterell opened the floor for discussion of the SEC proposal and the varied ramifications the proposal would present to the profession. ISBA did not take a position on the proposal, but did send a letter to the SEC stating that the window of time given for comment was not adequate. Mr. Cotterell recommended that ISBA focus on the impact in Idaho and the regulation of the accounting profession. There is a possibility that two sets of standards on Independence could be developed, one for SEC auditors and another for all other auditors, as a result of the SEC proposal. The Board will continue monitoring the situation.

*(B) Ethics Forums:* Mr. Cotterell suggested someone should represent the Board at the joint AICPA & NASBA Ethics Forum when it scheduled for 2001.

*(C) Other Items:* Mr. Cotterell acknowledged the accomplishments of Board staff member, Sandy Gentry in the design of the Idaho State Board of Accountancy's web page design. Idaho's site was one of four outstanding web sites honored by NASBA. Mr. Cotterell thanked the staff for an exceptional job and presented Ms. Gentry with NASBA's "Pyramid Award" and the bottle of wine presented to the Idaho State Board of Accountancy at NASBA's annual meeting in Boston.

**4. EXAMINATION**

*(A) Approve November 2000 Exam Applicants:* Mr. Cotterell presented the master candidate list for the November 2000 Exam. Being no exclusions, Mr. Bird motioned for approval. Mr. Stewart seconded the motion. Motion carried.

*(B) Approve May 2000 Grades; Designate High Scoring Candidates & Void grades:* Mr. Jones motioned for approval of the 2000 grades. Ms. Pumphrey seconded the motion. Motion carried. Mr. Bird motioned for approval of the following high scoring candidates from the May 2000 Uniform CPA Examination: Adena Shipton 379; Jerry Leffler 353; Deborah Wilkinson 343; John Spellerberg 342 and Twyla Owens 335. Mr. Etter seconded the motion. Motion carried. It was noted that two of the high scoring candidates were former students of Ms. Pumphrey. Mr. Bird motioned for denial of grandfather status under the 150 Hour Rule for Dawn Dille for not providing evidence of a degree within 90 days of the May 2000 Exam. Mr. Etter seconded the motion. Mr. Cotterell opened the floor for discussion. Mr. Jones asked for clarification as to why there were two different classifications for denial. Ms. Porter explained that Ms. Dille had forfeited her fee by not sitting for the May Exam; therefore, no grades needed voiding. The other candidates sat for the exam, and therefore have grades to be voided. All candidates could reinstate grandfather status at a future Board meeting if they provide evidence showing they had

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

obtained their degrees within the original 90-day period. With no further discussion, motion carried. Ms. Pumphrey motioned for denial of grandfather status under the 150 Hour Rule and to void the May 2000 grades for not providing evidence of a degree within 90 days of sitting for the May 2000 Exam for the following: Kendra Hull; Regina Martin; William L. Smith and Larry Steckelberg. Mr. Etter seconded the motion. Motion carried.

*(C) Special Considerations:* Two special consideration candidates were approved under agenda item 2.(C).

*(D) Proctoring Assignments for November Exam:* Board members or their representative would each take a day or two at proctoring the November Exam along with Board Staff. Assignments were: Boise – Mr. Cotterell, Mr. Bird, Mr. Jones, and Mr. Etter, Board staff Sandy Gentry & Sue Lenon; Moscow – Mr. Pilcher and Ms. Porter, Executive Director; Pocatello - Ms. Pumphrey and Board Staff Kris Pollard.

*(E) Exam Security Task Force Recommendations:* Ms. Porter, who serves on this NASBA Task Force, provided a report. Recommendations from the Task Force will be going out to the jurisdictions for adoption by the May 2001 exam. Idaho currently complies with most of the recommendations. One recommendation is to eliminate proctoring of out-of-state candidates except for persons temporarily relocated for work, as students, or in the military. Ms. Porter was able to get the Task Force to also include a fourth group of candidates who would be able to demonstrate a significant cost savings in travel costs by being able to be proctored in an adjacent state. If Board approval for changes is necessary, the recommendations will be brought back at a later Board meeting.

*(F) NASBA Examinations Committee 2000 Management Letter:* No actions were needed on the NASBA Examinations Committee's letter; it was for information only.

**5. APPLICANTS FOR LICENSURE:**

*(A) Review Applicants:* Mr. Cotterell, citing staff due diligence in qualifying the applicants, asked for a motion to approve the following applicants for licensure. Mr. Bird so moved, Mr. Jones seconded the motion. Motion carried.

|         |                        |         |                          |
|---------|------------------------|---------|--------------------------|
| CP-3861 | Michael L. Bell        | CP-3862 | Scott Daniels            |
| CP-3863 | Christine Nan Dayton   | CP-3864 | Jay Dee Dickerman        |
| CP-3865 | Stanford Jeffery Jones | CP-3866 | Kathleen A. Watkins      |
| CP-3867 | Kimberly K. Zeman      | CP-3868 | Robert Lee Phillips      |
| CP-3869 | Eugenia L. Horne       | CP-3870 | Crystal Rae Johnson      |
| CP-3871 | Hsin-Fang J. Liao      | CP-3872 | Jonathan Carrol Shiffman |

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

|         |                      |         |                      |
|---------|----------------------|---------|----------------------|
| CP-3873 | Alison Kam Sun Chang | CP-3874 | Jeremy L. Gooding    |
| CP-3875 | Jay S. Halladay      | CP-3876 | Matthew D. Nelson    |
| CP-3877 | Tremayne V. Arnold   | CP-3878 | Paul A. Moore        |
| CP-3879 | John E. Taylor       | CP-3880 | Matthew P. Grow      |
| CP-3881 | Tricia Jane Senger   | CP-3882 | Eunjoo K. Egghart    |
| CP-3883 | David Layne Bell     | CP-3884 | Michelle Joy Kraus   |
| CP-3885 | Jesse J. Leib        | CP-3886 | Christopher G. Burns |
| CP-3887 | Sandra Marie Fisher  | CP-3888 | Kathy Ottinger       |
| CP-3889 | Jay Michael Panian   | CP-3890 | John M. Tucher, Jr.  |
| CP-3891 | Sally Young          | CP-3892 | David Andrew Perry   |
| CP-3893 | Scott E. Hunsaker    | CP-3894 | Crista L. Garrett    |
| CP-3895 | Jennifer G. Gorman   | CP-3896 | David M. Larson      |
| CP-3897 | Kally A. St. Clair   | CP-3898 | Molly Jean Tripp     |
| CP-3899 | Harold David Elliott | CP-3900 | Sanjay Singh         |

*(B) Special Considerations: (1) Licensure:* Mr. John Spellerberg requested the Board consider additional information verifying his work experience because he was not supervised by a CPA directly. Mr. Spellerburg has been in the accounting field for approximately 30 years, had unsuccessfully sat for the Exam in 1966 and 1967, qualified for the exam by passing the GMAT, and on his first sitting in May had been one of the five high scoring candidates. Ms. Pumphrey stated the decision to decline the same request from a previous applicant should be taken into consideration. Ms. Pumphrey motioned to deny Mr. Spellerberg's experience request; Mr. Pilcher seconded the motion. Motion carried. A letter from Ms. Porter is to be sent to Mr. Spellerberg explaining his options. Ms. Patricia Harry, CPA requested a refund of the late license renewal fine of \$50. Ms. Porter explained that Ms. Harry had both a license in Colorado and Idaho and upon moving to Oregon had requested her Idaho License be put into Inactive status thinking she could obtain her reciprocity in Oregon based on her Colorado license. Ms. Harry paid for renewal of her Idaho license with late fee in July because Oregon denied her reciprocity based on the less stringent licensing laws in Colorado. Ms. Pumphrey motioned to waive the \$50 for the late fee. Mr. Etter seconded. Motion carried.

*(2) CPE:* Mr. Jack Moore, CPA requested a waiver from meeting this year's CPE requirements due to health reasons. Mr. Bird motioned to grant Mr. Moore an exception in completing his 2000 CPE requirements until May 31, 2001 provided he intended to remain active; but, if Mr. Moore had not completed his CPE requirements by that time, he should go inactive. He would then be subject to the requirements, as set forth in the rules, for going back to active status. Mr. Etter seconded the motion. Motion carried.

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

**6. UNIFORM ACCOUNTANCY ACT UPDATE:** Mr. Cotterell gave a progress report of the ISCPA task force meetings regarding the drafting of the UAA. Melissa Nelson, ISCPA Executive Director and Ms. Porter were requested to develop a comprehensive draft of the UAA for review on October 19, 2000 by representatives from IAPA, ISCPA, ISBA, and the respective attorneys. Discussions took place on the following issues:

*Commissions & Contingent Fees:* The Board discussed allowing licensees to receive commissions or contingent fees from non-attest clients, provided there was full disclosure. The UAA is client based and the SEC's position is client based. The Board supports client based.

*150 Hour Rule:* The position on this issue is not to repeal but to modify the 150 Hour Rule. A person would be allowed to sit for the CPA exam under with completion of a bachelors degree with the specified number of credits in business and accounting; but licensure would be allowed only after the educational requirements of the 150 Hour Rule were met.

*Safe Harbor Language:* Ms. Melissa Nelson, participated in the discussion on Statements of Standards for Accounting and Review Services, regarding SSARS 8 and the 4<sup>th</sup> level of service allowing financial reporting for management use only. Idaho's proposal would make the Safe Harbor Language currently available to non-licensees as a fourth level of service available to licensees also.

*CPE:* It was agreed to continue with the CPE requirement of 80 Hours every two years, but drop the minimum requirement from 30 to 20 hours per year. This would be consistent with the yearly requirements contained in the UAA.

*Ownership:* It was agreed that non-CPA ownership could be up to 49%, with active participation  
*Grandfather of LPAs as CPAs:* The Board agreed with ISCPA and IAPA that the 44 active LPAs be grandfathered in as CPAs. The LPAs will be contacted for their opinion.

**7. DIRECTOR'S REPORT:**

(A) *Update on Paul Moore:* Mr. Moore was the applicant who e-mailed Board members regarding the elapsed time of 18 days between applying for his license and the issue date of his license. He filed a lawsuit for breach of contract against ISBA, but subsequently withdrew it.

(B) *CPE Committee Appointments:* Six vacancies will occur on 12/31/00; two members do not wish to be reappointed, and four are willing to be reappointed. Ms. Porter stated Glen Utzman, CPA, was interested in an appointment to the committee. The Board appointed Mr. Utzman, Mr. Rob Chatters, CPA; Mr. James Bell, CPA; Mr. Monte Warwick, CPA; and Mr. Kendal Egbert, LPA to the CPE Committee. A Committee Chair is to be appointed by the Board at its December meeting. Ms. Pumphrey was asked for her assistance in locating a licensee interested in an appointment to the CPE committee from the Pocatello area.

(C) *Director activities for June – September 2000:* Ms. Porter distributed an outline of activities she has participated in for the Boards review.

**MINUTES**  
**IDAHO STATE BOARD OF ACCOUNTANCY**  
Boise, Idaho  
October 4, 2000  
**REGULAR SESSION**

*(D) NASBA Exam Security Task Force & Focus Questionnaire:* Ms. Porter reported that the Exam Security Task Force is still underway through May of 2001. NASBA Focus Questionnaire was presented to the Board for their input.

**8. TREASURERS REPORT:** Ms. Porter presented the Fiscal Year 2000 Treasurers Report, covering July 1, 1999 through June 30, 2000. The Board also reviewed the August 2000 Treasurers Report.

**9. SCHEDULE FOR DECEMBER BOARD MEETING:** The next Board meeting is scheduled for Thursday, December 14, 2000 at the Board office in Boise. Mr. Cotterell asked if there were any other items of interest. There being none, the meeting adjourned at 2:24 PM.

---

Samuel K. Cotterell, CPA, Chair

---

J. Thomas Jones, CPA, Vice-Chair

---

Lela D. Pumphrey, CPA, Secretary