

MINUTES
Idaho State Board of Accountancy
Boise, Idaho
December 14, 2000
REGULAR SESSION

The Regular Session of the Idaho State Board of Accountancy was called to order at 9:00 AM in Boise, Idaho with Chair Samuel K. Cotterell, CPA, presiding. After a brief break at 11:30 AM, the Board adjourned to Executive Session at 11:38 AM. Executive Session concluded at 12:25 PM with a brief lunch recess. Regular Session resumed during a working lunch at 12:37 PM and adjourned at 2:05 PM.

ROLL CALL: The following members of the Board were present:
Sam Cotterell, CPA, Chairman
Tom Jones, CPA, Vice-Chairman
Kitty Pumphrey, CPA, Secretary
Larry Stewart, LPA, Treasurer
Don Etter, Public Member
Larry Bird, CPA, Investigative Chair
Jim Pilcher, CPA, CPA Member

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

Melissa Nelson, Executive Director of the Idaho Society of CPA's; Terry M. Bayless, CPA, Charles Correll, LPA, W. L. Grigg, and Jerry Berggren, CPA, IAPA representatives were present as guests.

1. CONVENE REGULAR SESSION:

Chair Samuel K. Cotterell, CPA, called the Regular Session of the Idaho State Board of Accountancy to order at 9:00 AM.

2. UNIFORM ACCOUNTANCY ACT:

(A) Task force update: Mr. Cotterell reported on the UAA task force meetings to draft Uniform Accountancy Act legislation. The task force represented the ISBA, IAPA and ISCPA.

(B) Key UAA Components: Mr. Cotterell led the discussion on the major components of the UAA. Ms. Porter and Ms. Nelson provided information on the major components. Substantial Equivalency: Licensees from other jurisdictions who meet the minimum licensing requirements contained in the UAA would be granted practice privileges in Idaho under this concept. The minimum UAA licensing requirements are 150 Hours of education, passing the Uniform CPA Exam, and having one year of experience. Experience: To qualify for initial licensure, one year of experience verified by a licensee would be required. For licensees supervising or signing attest or compilation work, additional attest requirements would be included in professional standards. Commissions and Contingent Fees: Licensees would be allowed to accept commissions and contingent fees from non-attest clients with full written disclosure. Non-CPA Firm Ownership: Up to 49% of a CPA firm could be owned by non-licensees, with all non-CPA owners being active participants in the firm, and 51% ownership by active licensees. Financial Reporting: A licensee could provide a fourth level of reporting service as long as the report is

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accompanied by the safe harbor language. This would allow a licensee to provide the same level of service that a non-licensee currently performs. 150-Hour Education Requirement: Draft legislation language that would allow candidates to sit for the Uniform CPA Exam before completing 150 hours of education with the stipulation that the 150-Hour Requirement was met before licensing. Grandfathering of LPAs as CPAs: Originally agreed upon by the three participating Boards, the grandfathering of LPAs as CPAs received considerable opposition. Ms. Nelson informed the Board that the ISCPA Board continued to support the concept, but could not take the bill forward with the grandfathering provision.

(C) Implementation: Stating the importance of the remaining components of the UAA, Mr. Cotterell asked for a motion from the Board. Ms. Pumphrey motioned for approval of the UAA draft. She stated that ISBA would support the proposal without the provision to grandfather LPAs as CPAs; and, that ISBA needed clarification on three issues in the legislative proposal: 1) only licensees and licensee firms that perform attest and/or compilation services have to undergo Peer Review; 2) prohibits licensees doing attest work from benefiting from commissions and contingent fees from the same attest client but paid to another licensee in an affiliated consulting type business, and 3) clearly indicates that any licensee issuing a plain paper financial statement must use the safe harbor language. Larry Bird seconded the motion. Motion carried by the majority voting in favor of the motion and Larry Stewart voting in opposition.

Ms. Porter reported on the meeting with CFAA (Coalition for Affordable Accounting) representative, Dean Heyl. CFAA requested the Board's interpretation of the Idaho Code section that limits the use of titles. Idaho's current code prohibits "accredited accountant" but gives the Board the authority to allow the use of specific titles granted by recognized professional organizations. Staff has interpreted the present law to allow the designation ABA for the Accredited Business Accountant.

3. 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. All members of the Board present voted as follows: Tom Jones, CPA, yes; Larry Stewart, LPA, yes; Kitty Pumphrey, CPA, yes; Don Etter, yes; and Jim Pilcher, CPA, yes; Larry Bird, CPA, yes; and Sam Cotterell, CPA, yes.

When the Regular Session resumed, the Board addressed the items from the December 14, 2000 Executive Session.

(A) Approve Minutes: Ms. Pumphrey motioned to approve the minutes of the October 4, 2000 Executive Session. Mr. Stewart seconded the motion. Motion carried.

(B) Status Reports/Updates on Open Complaints: No action was taken.

(C) Exam and Licensure Special Considerations: No actions were taken.

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4. APPROVE MINUTES

Ms. Pumphrey motioned to approve the minutes of the October 4, 2000 Regular Session. Mr. Etter seconded the motion. Motion carried.

5. DIRECTOR'S REPORT

(A) CPE Committee: Ms. Porter reported one opening currently on the CPE Committee with the possibility of four openings next year. Ms. Pumphrey motioned to nominate Gail E. Loynd, LPA from Richfield, Idaho to the CPE Committee. Larry Stewart seconded the motion. Motion carried. Mr. Jones motioned to nominate Michael D. Rodgers, Boise as Chair of the CPE Committee. Mr. Stewart seconded the motion. Motion carried.

(B) CPE Standards: An exposure draft of the new standards should be available by May 2001.

(C) NASBA Nominations: Ms. Pumphrey encouraged the Board to consider the Vice Chair position and officially nominate or support a candidate. Mr. Etter motioned to support Michael Weatherwax as the nominee for Vice Chair of NASBA. Mr. Pilcher seconded the motion. Motion carried. Ms. Porter was instructed to contact Mr. Weatherwax, and if he is willing to serve, she will draft a letter of support to send to NASBA.

(D) Director's Activities October – December 2000: Ms. Porter included her quarterly activities for the Board's information. She distributed updates to the employee handbook. The Division of Human Resources directed agencies to implement a new policy on Sexual Harassment. The Department of Administration generated a policy on Workplace Violence prevention. The Board of Examiners adopted a new state travel mileage reimbursement rate of 34.5 cents per mile effective January 2, 2001.

6. EXAMINATION

(A) Special Considerations: Late fee transfers were requested for the following applicants for examination: Peter E. Miller, Cassie Woods and Shelley A. Jones. Mr. Pilcher motioned to allow the transfer of fees for each person based upon information submitted with their request. Mr. Jones seconded the motion. Motion carried.

(B) Update On Computer Based Testing: Ms. Porter reported on AICPA's selection of Prometric to deliver the computer-based CPA exam. Idaho has only one Prometric location for Idaho, in Boise. NASBA and the Security Taskforce expressed some concern over Prometric's selection, the logistics are continuing to be refined. Implementation date is projected as late 2003.

(C) Exam Security Task Force: Ms. Porter distributed the exposure draft of the proposed security standards by NASBA's Exam Administration Security Task Force. The board discussed each proposed standard and concluded that Idaho, by directly applying the standards or by using alternative procedures, currently complies with all but one of the recommendations. Board members supported the responses Ms. Porter provided to the exposure draft.

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7. APPLICANTS FOR LICENSURE

(A) *Review Applicants for Licensure:* Ms. Pumphrey motioned to approve the following applicants for licensure, including the special consideration. Mr. Jones seconded the motion. Motion carried.

EDSON, CRYSTAL L	CP-3901	10/6/2000	Exam	
GIAMMONA, MICHELLE C	CP-3902	10/6/2000	Exam	
HART, SEAN R	CP-3903	10/6/2000	Exam	
CAMPBELL, MATTHEW C	CP-3904	10/12/2000	Reciprocity	TX
STRICKLAND, JANICE L	CP-3905	10/12/2000	Exam	
CRAFTON-SHANKEL, NAOMI	CP-3906	10/12/2000	Exam	
KLASSEN, JEFFREY D	CP-3907	10/12/2000	Exam	
BAIAMONTE, BRANDON L	CP-3908	10/16/2000	Exam	
FEIDER, JOSEPH STEPHEN	CP-3909	11/15/2000	Transfer of Grades	OR
DAY, JULIE R	CP-3910	11/15/2000	Exam	
SPRONG, MARY L	CP-3911	11/15/2000	Reciprocity	CO
REGEN, MATTHEW E	CP-3912	11/15/2000	Exam	
SARGENT, VICKIE E	CP-3913	11/15/2000	Exam	
WILKINSON, DEBORAH ANN	CP-3914	11/30/2000	Exam	
BEDNAR, BRIAN J	CP-3915	12/5/2000	Exam	
OTANDER, ELIZABETH MOLLARD	CP-3916	11/16/2000	Reciprocity	NJ
BELLONI, HELEN LEE	CP-3917	11/17/2000	Reciprocity	AZ
VACH, JOEL ASHLEY	CP-3918	12/11/2000	Reciprocity	GA
NICHOLS, JASON	CP-3919	12/12/2000	Exam	
ABDO, JOHN NAIFF	CP-3920	1/1/2001	Reciprocity	MN
ALLEN, DAVID L	CP-3921	1/1/2001	Exam	
CHILD, DOUGLAS W	CP-3922	1/1/2001	Reciprocity	UT
CUTRIGHT, DEBRA SUE	CP-3923	1/1/2001	Reciprocity	CA
FREI, BRIAN LEE	CP-3924	1/1/2001	Reciprocity	OR
HEGE, JASON A	CP-3925	1/1/2001	Exam	
MADISON, M LORETTA	CP-3926	1/1/2001	Exam	
MENDOZA, KRISTIN COX	CP-3927	1/1/2001	Reciprocity	CA
SHANDRO, LORI ELLEN	CP-3928	1/1/2001	Transfer of Grades	WA
WATKIN, BRIDGET J	CP-3929	1/1/2001	Exam	
ECKERT, ANGELLA N	CP-3930	1/1/2001	Exam	
CHAPMAN, FRANK D	CP-3931	1/1/2001	Reciprocity	WA

(B) *Special Considerations:* Ms. Pumphrey motioned to waive the 2000 CPE requirements for Mr. Jack Moore, given he provides the Board with a physician's statement. Mr. Steward seconded the motion. Motion carried.

Mr. John (Jack) Spellerberg asked the Board to consider prior work experience that was verified by a licensee but not done under the licensee's supervision. Based on legal counsel's interpretation of the Idaho Accountancy Act and Rules regarding the supervision, Ms. Pumphrey motioned to deny Mr. Spellerberg's request. Mr. Jones seconded the motion. Motion carried.

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8. TREASURERS REPORT: Ms. Porter presented the fiscal year 2001 Treasurers Report, covering July 1, 2000 through November 30, 2000 for the Board's review. Mr. Jones motioned to accept the treasurer's report as written. Mr. Etter seconded the motion. Motion carried.

9. SCHEDULE FOR APRIL BOARD MEETING: The Board will hold a conference call April 6, 2001, 8:00AM Mountain Daylight Savings Time for the purpose of approving the May 2001 CPA Examination candidates. The next Board Meeting is scheduled for Thursday, April 26, 2001 at the Boise Board office.

Mr. Cotterell thanked the participants involved with the drafting of the Uniform Accountancy Act legislation. There being no other business, Chair Cotterell adjourned the meeting at 2:05 PM.

Samuel K. Cotterell, CPA, Chair

J. Thomas Jones, CPA, Vice-Chair

Lela D. "Kitty" Pumphrey, Secretary