

MINUTES
IDAHO STATE BOARD OF ACCOUNTANCY
Boise, Idaho
April 24, 2002
REGULAR SESSION

The Regular Session of the Idaho State Board of Accountancy was called to order at 9:12 AM with Chair J. Thomas Jones, CPA presiding. The Board adjourned to Executive Session at 9:24 AM. The Executive Session concluded at 11:25AM with the Regular Session immediately reconvening. A brief recess was taken from 12:27 PM to 12:52 PM with the Regular Session resuming for a working lunch. The Regular Session adjourned at 2:48 PM.

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

Barbara Porter Executive Director, Sue Lenon Board Secretary, and Larry Hunter Attorney were present as Board staff. Melissa Nelson representing the Idaho Society of CPAs, Terry Bayless representing the Idaho Association of Public Accountants, and David Hahn from the Division of Financial Management attended after the Executive portion of the meeting.

1. CONVENE REGULAR SESSION:

(A) Approve Minutes: Mr. Rasmussen motioned to accept the minutes of the December 5, 2001 Board Meeting after Board staff reviewed the tapes for a point of clarification, and to accept the minutes of the April 3, 2002 conference call. Mr. Pilcher seconded the motion. Motion carried.

2. EXECUTIVE SESSION:

J. Thomas Jones, Chair, citing *Idaho Code* Section 67-2345 (1)(b), (d) & (f), called for a vote to adjourn to Executive Session for discussion of complaints and disciplinary proceedings, November 2000 Uniform CPA Examination grades, license special considerations, and staff performance evaluations. All members of the Board present voted as follows: Tom Jones, yes; Larry Bird, yes; Larry Stewart, yes; Kitty Pumphrey, yes; Don Etter, yes; Jim Pilcher, yes; and Craig Rasmussen, yes. When the Regular Session resumed, the Board addressed the items from the Executive Session.

(A) Approve Minutes: Mr. Bird motioned to approve the minutes of the December 5, 2001 and April 3, 2002 Executive Sessions. Mr. Rasmussen seconded the motion. Motion carried.

(B) 1. Status Reports on Complaints: Mr. Etter motioned to dismiss and close dockets #2002-08 and #2002-09. Mr. Rasmussen seconded. Mr. Bird requested Mr. Etter amend the motion to include a cautionary letter to complainant and respondent in docket #2002-09. Mr. Etter accepted the

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amendment. Mr. Rasmussen seconded the amended motion. The amended motion carried.

2. *Cease & Desist*: The Board directed Ms. Porter to follow up on CD2002-03 for compliance.

(C) November 2001 Uniform CPA Exam Grades, Void Grades and High Scoring Candidates: Board took action in Regular Session Item 6(A.)

(D) Employee Evaluations & Salary Recommendations: Mr. Bird motioned that in recognition of staff in a very difficult year to grant the Executive Director the right to provide up to one week administrative leave to each staff member. Mr. Pilcher seconded the motion. Motion carried. Mr. Rasmussen motioned the Executive Director be granted a week of administrative leave for her excellent performance during the past year. Mr. Etter seconded. Motion carried.

(E) Examination Application Special Consideration: Staff was directed to do follow up investigation.

3. DIRECTOR'S REPORT:

(A) Legislative Audit: Ms. Porter presented the Board a copy of the "Management Report on Internal Control" that was conducted by the Legislative Services Office. The Board endorsed Ms. Porter's draft response to the Legislative Services Office regarding the audit report.

(B) Office Space: Mr. Bird motioned the Board's approval for Ms. Porter to enter into a renewed three-year lease with the Owyhee Plaza for office space. Mr. Pilcher seconded. Motion carried.

(C) Upgrading PCs: Ms. Porter requested the Board's approval to replace the existing PC's and server. The current hardware is unable to accommodate the upgraded version of the licensing management software. The other alternative would cost \$6,000 yearly for our data to reside on the vendor's server. Mr. Bird motioned to approve the transfer of \$12,000 of Operating Expense appropriation to Capital Outlay, and to authorize staff to spend up to \$15,000 total for the purchase of four new PC's, a server and software, pending Division of Financial Management approval.

(D) Upgrade Phone Messaging System: The Board tabled the upgrade for the phone routing system.

(E) Executive Director Activity Report: Ms. Porter's distributed the Director's activities report for December 2001 through April 2002.

4. TREASURERS REPORT:

The Board reviewed the Treasurers Report for fiscal year to date through March 2002.

5. UNIFORM ACCOUNTANCY ACT DRAFT RULE CHANGES:

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Ms. Porter and Mr. Bird walked the Board through the most current draft of the rules. The Office of Administrative Rules reviewed an earlier draft and provided suggestions for improving the product. The Division of Financial Management recommended splitting the rule making process into two pieces. There will be one set of rules that go into effect as temporary rules on July 1, 2002 to address the items addressed by the 2002 Legislature. The second set to adjust fees not covered by HB 485 will go into effect after the 2003 Legislature reviews and approves them.

The primary components of the new rules include the following items.

Definitions:

“Attest” has been added, and includes audits, reviews, and examination of prospective financial statements.

“Compilation” has been revised to specifically exclude financial statements without reports (ie plain paper financials.) Licensees who do not prepare compilations, reviews or audits can issue plain paper financial statements as long as they attach Safe Harbor Language as contained in section 54-226(3), Idaho Code. NOTE: This is different from the UAA, and is not in compliance with AICPA reporting standards.

“Firm” replaces “Practice Unit.”

“Peer Review” replaces “Quality Review.”

“Professional Services” replaces “Practice of Public Accounting.”

“Substantial Equivalency” allows a licensee from another state practice privileges in Idaho.

Examination:

The new law will allow candidates to sit for the Uniform CPA Examination in Idaho with a Bachelors degree. However prior to becoming licensed, the candidates must complete 150 semester hours. The number and type of business and accounting courses are outlined in the rules. The law is written to allow for conversion to a computer-based test. However the rules will have to be revised approximately six months before conversion. Exam fees are increasing in November 2002, and will increase again with the computerized exam.

Initial Licensure:

Applicants must pass the Uniform CPA Examination and an ethics examination. The experience requirement is reduced from 2 years to 1 year. Experience must be verified, but not necessarily supervised, by a licensee. Anyone electing to perform attest services must meet additional experience requirements as set forth in the AICPA’s Statements on Quality Control Standards and monitored through the Peer Review Program.

Idaho still can license individuals via reciprocity or transfer of grades when they move into our state. The new law also allows Idaho to license individuals via foreign reciprocity when they hold a designation deemed equivalent to a CPA license (ie Chartered Accountants from Canada.) Initial licensure fees and renewal fees are unchanged.

Idaho’s temporary license option is discontinued. Instead licensees whose principle place of

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business is in another state will apply for privileges to practice under substantial equivalency. There is a \$50 per year fee and they must comply with their home state's CPE, firm registration and Peer Review requirements.

Lapsed, Inactive or Retired Licensure:

Licensees who no longer wish to hold an Idaho license can request to let their licenses "lapse." There is no annual renewal fee, CPE, or firm registration requirement. They cannot use the title or offer services reserved to licensees.

Licensees who wish to use the title "CPA (or LPA) Inactive" or "CPA (or LPA) Retired" may request to place their license into Inactive or Retired status. There is a \$100 per year renewal fee, but no CPE or firm registration requirement. They can use the title with the word Inactive or Retired after it, but cannot offer services reserved to licensees.

Firms:

Licensees working in firms that provide public accounting services must register with the Board annually. It is anticipated that the annual firm registration fee will be reinstated. Licensees not working in firms must so report on their annual license renewal. Firms may be owned by up to 49% non-licensees. It must be active ownership and all owners are subject to regulation by the Board.

Compilations:

Licensees may issue compilations from businesses other than firms. However, they are subject to the same firm registration and Peer Review requirements as licensees working in a firm.

Compensation:

Licensees may receive commissions and contingent fees from non-attest clients, or when issuing compilations if the licensee discloses his lack of independence, provided there is full written disclosure.

Use of Title:

Non-licensees may not use titles that imply they hold a license. However they may use the words accountant, accounting, or auditor so long as they are not implying they hold a license.

Staff is to proceed with the Administrative Rules adoption process. Copies of the new Act and Rules will be sent to licensees with their 2002-2003 licenses.

6. NOVEMBER 2001 EXAMINATION:

(A) Approve/Void Examination Grades and Designate High Candidates: Mr. Pilcher motioned to approve the November 2001 CPA Examination grades. Mr. Rasmussen seconded the motion. Motion carried. Mr. Bird motioned to void the November 2001 grades for Ms. Tanya Dawn Nelson,

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Richard J. Johannsen, Kendra S. Hull, and Jean N. Ibambasi. Mr. Rasmussen seconded. Motion carried. Mr. Rasmussen motioned to approve the high scoring candidates from the November 2001 Exam: 381- Fengyi Chen; 377 – Ruth Marie Gramm; 360 – Matthew Holmquist; 359 –Suzanne Sutton; 357 – Merritt L. Van Orden; 353 – Autumn M. Huffield; 343 – Robbi K. Berg; 338 – Betsy Kennedy-Grimm; 327 – Taunya D. Beazer. Mr. Pilcher seconded. Motion carried.

(B) Proctoring assignments: Proctors accepted assignments for the May 8 and 9, 2002 Examination.

(C) CBT Agreement: The agreement has not yet been signed by AICPA, NASBA, and Prometric. The parties are still negotiating.

7. Applicants for Licensure:

Mr. Bird motioned to approve the following list of new licensees. Mr. Rasmussen seconded the motion. Motion carried.

NAME	License #	Effective Method	State
BARNES, MARLA E	CP-4083	3/27/2002 Exam	
CHAPMAN, DARREL KEITH	CP-4079	3/20/2002 Reciprocity	OR
COHEN, ALLISON PAIGE	CP-4075	2/27/2002 Transfer of Grades	IL
COLE, KELLEEN M	CP-4078	3/12/2002 Exam	
COLE, PARIS G	CP-4076	3/6/2002 Exam	
COX, MATTHEW ELSON	CP-4070	2/14/2002 Exam	
ERICKSON, WARREN NORMAN	CP-4055	12/19/2001 Reciprocity	WA
FELL, ANGELLA	CP-4072	2/20/2002 Exam	
FLOWER, JENNIFER L	CP-4063	1/10/2002 Exam	
FORSGREN, JAMES R	CP-4081	3/21/2002 Exam	
GOODWIN, BETTY L	CP-4086	4/4/2002 Exam	
GRIFFITH, SUMMER L	CP-4068	1/17/2002 Exam	
HARRIS, MICHELLE LEE	CP-4085	3/27/2002 Exam	
HEIDT, JASON	CP-4058	1/9/2002 Exam	
HILL, M KATHRYN	CP-4059	1/9/2002 Exam	
HINES, JEDONNE	CP-4057	1/7/2002 Exam	
KLAUDT, PAUL ROBERT	CP-4065	1/10/2002 Exam	
LAWRENCE, BOBBY J	CP-4056	1/7/2002 Exam	
LOCKWOOD, KENDRA L	CP-4074	2/27/2002 Exam	
MARTINDALE, LORI	CP-4073	2/20/2002 Exam	
MCDONOUGH, JEFFREY DAVID	CP-4066	1/10/2002 Exam	
MERRILL, JUDD BRYAN	CP-4071	2/14/2002 Exam	
MILLS, RUTH ANN	CP-4084	3/27/2002 Exam	
NELSON, PAUL WAYNE	CP-4067	1/10/2002 Reciprocity	OR
NIXON, J SCOTT	CP-4087	4/12/2002 Reciprocity	UT
NORRIS, JIM V	CP-4060	1/9/2002 Exam	

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ODELL-GOODING, LISA ELLEN	CP-4077	3/12/2002	Exam	
POWELL, DEBORAH K	CP-4069	2/8/2002	Exam	
ROBERTS, PRESTON LIDDELL	CP-4064	1/10/2002	Reciprocity	NE
RULLMAN, DANIEL HOWARD	CP-4082	3/21/2002	Exam	
SELLMAN, MICHELLE LEA	CP-4062	1/10/2002	Reciprocity	WA
SPENCER, BONNIE M	CP-4061	1/9/2002	Exam	
ZENNER, JANINE Z	CP-4080	3/20/2002	Exam	

8. Quality Review Oversight Committee:

Mr. Rasmussen motioned to reappoint Mr. Lou Henry, CPA Mr. Robert Long, CPA and Ms. Bette Jo Berryman, LPA to three-year terms effective July 1, 2002 on QROC. His motion included Mr. Henry as QROC Chair. Ms. Pumphrey seconded the motion. Motion carried.

The Board directed Ms. Porter to write Mr. Arnold, acknowledging his compliance with the Peer Review program requirements and to remind him of the Board's authority over professional services offered by licensees. Larry Hunter provided the Board with guidance regarding Board members who perform Peer Reviews. Members have no obligation under the Idaho Accountancy Act and Rules to stop performing Peer Reviews, but they may recuse themselves as necessary.

9. June Board Meeting:

The next Board Meeting was scheduled for Tuesday June 18, 2002 at 9:00 AM in the Boise office.

There being no further business before the Board, the meeting was adjourned at 2:48 PM.

J. Thomas Jones, CPA, Chair

Lela D. Pumphrey, CPA, Vice-Chair

Larry Bird, CPA, Secretary