



# Newsletter

January 2000 • Volume 22 Issue No. 1

## FREQUENTLY ASKED QUESTIONS...

### “What advertising or other forms of solicitation may be used?”

As the tax season swings into high gear and taxpayers scramble to find an individual or firm to prepare their 1999 income tax returns, you or your firm may plan to use ads or other forms of solicitation about your ability to prepare these returns.

If you choose to solicit clients, be sure that both you and your firm understand the Board’s Rules 412 and 413 about Advertising and Solicitation. The rules are posted on our Web Site at [www.state.id.us/boa](http://www.state.id.us/boa)

Foremost your ads should have accurate meaningful information that is not misleading or deceptive to consumers. For example, you should not use any qualitative or quantitative descriptions, such as “expert” or “reasonable,” which cannot be documented. After all, the fees that you deem “affordable” may not be affordable to everyone who reads your ad.

Your ad cannot contain representations that cause an ordinary person to misunderstand or be deceived. This includes implications that would lead the public to believe that a non-licensed person is a CPA or LPA.

Your advertisements cannot indicate a specialty designation or recognition that cannot be supported in fact. Nor can they misrepresent the fees or fee arrangements that a client may enter into with your firm.

Idaho licensees may solicit clients. Solicitation is direct personal communication, while Advertising is public communication. Any Solicitation must be done in accordance with the Advertising rules, and cannot use coercion, duress, compulsion, intimidation, threats, or overreaching, vexatious or harassing conduct.

The public and the CPA profession are best served by avoiding ads or solicitations that confuse or mislead consumers.

## UPCOMING EVENTS

Jan 31	CPE Report Filing Deadline
Jan 31	Nov 1999 Exam Grades Mailed
Feb 18	CPE Review Documentation Due
Mar 1	CPA Exam Application Deadline
Mar 29	Deadline to Transfer Exam Fees
Apr 1	Exam Documentation Deadline
May 3&4	Uniform CPA Exam
July 1	150 Hour Rule Effective

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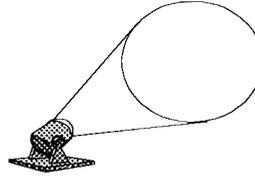
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# UNIFORM ACCOUNTANCY ACT



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At their December 1999 meeting, the Idaho State Board of Accountancy voted to conceptually support the UAA in its 3<sup>rd</sup> Version, Revised November 1999, subject to further review and discussion of specific provisions.

The UAA Committee, comprised of Sam Cotterell, Kitty Pumphrey and Don Etter was appointed by the Board. The Committee has been given the responsibility:

*To facilitate further review of provisions of the UAA by the Board;*  
*To coordinate the input from interested parties;*  
*To interface with the Idaho Society of CPAs in their law drafting;*  
*and*  
*To initially draft the rules for Board review and approval.*

The Committee's work will begin this spring and continue during the summer and fall. It is their intention to hold a series of meetings with interested parties before a preliminary draft of the rules is generated. The Board will provide guidance and oversight throughout the process.

The Committee intends to circulate a final draft version of the rules in late summer or early fall for public comment. Input would be gathered from a series of public meetings. Given general support for the proposed legislation and rule changes, legislation would be introduced during the 2001 Legislative Session with a July 1, 2001 enactment date.

We encourage all interested parties to relay their positions on the specific provisions of the Uniform Accountancy Act to the UAA Committee. Please email, fax or mail your comments to the Board office.

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Please join us in welcoming our new employee, Marilyn Young. Ms. Young will be coordinating our investigative activities and handling our front office activities. We're pleased to have Marilyn with us!

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## LATE CPE

The deadline for postmarking your 1999 CPE Report was January 31, 2000. If you have not yet sent in your report, you must also submit the following:



**\$100.00 late fee (the fee will increase to \$150.00 in March)  
Documentation for each course listed on your CPE Report.**

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## 1999 CPE REVIEWS

If you were chosen for a 1999 CPE review, please submit documentation for all courses by February 18, 2000.

Every licensee must retain documentation of all courses for a minimum of four years. The following information provides guidelines of what is considered acceptable documentation and what is not. It may save time in the future if you request the appropriate attendance verification at the completion of each class.

### ACCEPTABLE DOCUMENTATION FOR CONTINUING PROFESSIONAL EDUCATION COURSES

**Structured Programs:** All formal structured programs, in-firm training, luncheon meetings, and seminars must be verified by the licensee with documentation from the sponsor, i.e., a certificate of completion, or statement of attendance on the sponsor's letterhead stationery. The certificate must verify the following:

1. Licensees' name
2. Date of course
3. Number of hours licensee attended
4. Title of course
5. Principal instructor(s)
6. Location of each program

**Correspondence Courses:** All correspondence courses must have evidence from the program sponsor that all tests required for the courses have been completed, and passing grades were earned. Credit will be allowed for the calendar year in which the course is completed.

**College Courses:** All college courses claimed must be verified with copies of transcripts or official grade reports. Credit will be allowed for the calendar year in which the course is completed.

**Articles/Books:** Submit a copy of the published article/book with your CPE reporting form. Licensees will receive credit for the calendar year the article was published.

### UNACCEPTABLE DOCUMENTATION

Following are some items that are *not* considered acceptable documentation.

**Agendas or Class Programs**

**Registration forms, OR registration confirmations**

**Canceled checks**

**Any document:**

1. Where hours attended or awarded are not verified
  2. That does not validate the licensee's name
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# SPECIAL RECOGNITION

## LICENSING ACTIVITY

through 12-9-99

License Number	Effective Date	Name	Type
CP-3775	10/07/99	Mary L. Keppler	Exam
CP-3776	10/07/99	Noelle L. Gering	TG-WA
CP-3777	10/20/99	Karen L. McKittrick	Exam
CP-3778	10/20/99	Tanwir H. Rahman	Exam
CP-3779	10/20/99	Pamela M. Stampfli	Exam
CP-3780	10/21/99	Zoe A. Corwin	R-WA
CP-3781	10/21/99	Trent D. Bingham	TG-UT
CP-3782	10/21/99	David J. Drennan	R-UT
CP-3783	11/10/99	Christine A. Schranck	Exam
CP-3784	11/10/99	Shane Saunders	Exam
CP-3785	11/10/99	Joyce Chandler	Exam
CP-3786	11/10/99	Jeanette Y. Bennion	R-UT
CP-3787	11/12/99	Penny A. Gearheart	R-MT
CP-3788	11/12/99	Kevin L. Ricks	R-OR
CP-3789	1/01/00	Karen J. Bennett	R-OR
CP-3790	1/01/00	Suzanne L. Ogden	Exam
CP-3791	1/01/00	Douglas V. Rall	R-CA
CP-3792	11/29/99	Ryan W. Gregersen	Exam
CP-3793	11/29/99	Tobin M. Hazen	Exam
CP-3794	11/29/99	Kevin N. Alambra	Exam
CP-3795	12/01/99	Michael A. Hall	R-OR
CP-3796	12/01/99	Pamela K. Rolfe	Exam
CP-3797	12/01/99	Sherrie S. Owen	Exam
CP-3798	1/01/00	Christy A. McPherson	R-CA
CP-3799	1/01/00	Julie M. Siegel	R-CO
CP-3800	1/01/00	Deborah Walker	R-TX
CP-3801	12/09/99	Audra Wagner	Exam
CP-3802	12/09/99	Tobey Pafundi	R-IN

R = Reciprocity License      TG = Transfer of Grades

## 1999 REINSTATED LICENSES

The Board would like to welcome back the following licensees who have reinstated their Idaho CPA license since October 1999:

CP-1982	Steven Belnap	UT
CP-1591	William Dunkley	NV
CP-1771	Robbin Hankins	ID
CP-2547	Richard Jaynes	UT
CP-3516	Sheri Jaynes	ID
CP-2667	Laurie McKenzie-Carter	ID
CP-2708	Thane Mitton	ID
CP-3210	Robert Wood	WA

## NOVEMBER 1999 CPA EXAM VOLUNTEER PROCTORS

The Board and its staff wish to acknowledge those individuals who were able to take time from their busy schedules to assist in the proctoring of the November 1999 Uniform CPA exam.

TREMAYNE ARNOLD  
 HOLLY BAILEY, CPA  
 LAYNE BELL  
 JASON CORONADO, CPA  
 PHILIPPE DEWEZ, CPA  
 REBECCA DILLIN, CPA  
 JOHN HUNTER  
 JAMES McMAHON, CPA  
 GINA SCHLAG, CPA  
 Boise Exam Site

THANKS AGAIN FOR CONTRIBUTING  
 YOUR TIME AND ENERGY!



## 1ST CPE REPORTS RECEIVED

Congratulations to the following CPAs who were the first to turn in their 1999 CPE reports:

CP-2953	Laurel Fritz
CP-3720	Norman Kolb
CP-3138	Barbara Pierce
CP- 652	Gerald Ransom
CP-3176	Mark Tanberg
CP- 940	Alden Wilson

**Idaho State  
Board of Accountancy  
150 Hour  
Requirement  
CPA EXAM CANDIDATES**

PLEASE REMEMBER, MAY 2000 IS THE LAST OPPORTUNITY!

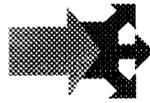
FIRST-TIME CANDIDATES, WHO WISH TO SIT FOR THE CPA EXAM WITHOUT MEETING THE 150 HOUR REQUIREMENT, MUST APPLY BEFORE THE MARCH 1, 2000 DEADLINE AND BE APPROVED BY THE STATE BOARD TO SIT FOR THE MAY 2000 EXAM.

NEW APPLICANTS APPROVED TO SIT FOR MAY 2000 EXAM (AND THOSE APPROVED TO SIT FOR PREVIOUS EXAMS) ARE ABLE TO CONTINUE SITTING AFTER JULY 1, 2000 WITHOUT MEETING THE 150 HOUR REQUIREMENT.

Fees may be transferred forward without losing the grandfather status.

For more information, visit our web site at:

[www.state.id.us/boa](http://www.state.id.us/boa)  
**Idaho State Board of Accountancy**  
PO Box 83720  
Boise ID 83720-0002  
(208) 334-2490



**PLEASE POST** as update for potential candidates

Effective July 1, 2000 the Idaho State Board of Accountancy will require new candidates for the Uniform CPA Examination to meet the 150 Hour education requirement. May 2000 will be the last exam administered with the current education requirements of a Bachelors degree including 30 semester credits in business, of which 20 are in accounting.

**Question:** If I have applied for the CPA exam and been approved to sit for the examination prior to the July 1, 2000 date, will I have to meet 150 Hour education requirement?

**Answer:** No. Any candidate who sat or has been approved to sit for the May 2000 exam or earlier does not have to meet the 150 Hour education requirement.

**Question:** Does transferring fees forward from May to November 2000 impact my "grandfathered" status?

**Answer:** No. Being approved to sit in May establishes grandfather rights.

**Question:** What if I'm approved to sit for the May 2000 exam because I expect to receive my degree within 90 days of sitting for the May 2000 exam, but I don't receive my degree?

**Answer:** You will be subject to the 150 Hour education requirement the next time you apply for the exam.

**Question:** What's the deadline to apply for the last examination with the current education requirements (May 2000)?

**Answer:** The deadline to apply for the May 2000 examination is March 1, 2000. Applications must be hand delivered to the Board office or U.S. postmarked by this date.

**150 HOUR EDUCATION REQUIREMENT:** 150 semester hours from an accredited college and any of the following:

- **Masters Degree in Accounting**
- **Masters Degree in Business**  
24 semester hours (undergraduate) or 15 semester hours (graduate) in accounting, and at least one course of financial accounting, auditing, taxation, and management accounting.
- **Bachelors Degree in Business**  
24 semester hours in business (other than accounting), (undergraduate or graduate), and 24 semester hours in accounting (undergraduate or graduate), and at least one course of financial accounting, auditing, taxation, and management accounting.
- **Bachelors Degree (other than Business)**  
24 semester hours in business (other than accounting), (undergraduate or graduate), and 24 semester hours in accounting (upper division or graduate), and at least one course of financial accounting, auditing, taxation, and management accounting.

# BITS AND PIECES

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## DISCIPLINARY ACTIONS

At their December 1999 meeting, the Idaho State Board of Accountancy considered an appeal filed by Kelly M. Hudson. Ms. Hudson's Idaho CPA license was suspended at the September 1999 Board meeting for failure to report CPE and renew her license. The Board granted Ms. Hudson's appeal and allowed her to place her CPA license into voluntarily Inactive Status.

The Board was notified at the same meeting that an injunction had been granted against a former licensee, Glenn Ritter of Challis, Idaho. Mr. Ritter's CPA license was Board Suspended in September 1997 for failure to report CPE and renew his license. Since that time, Mr. Ritter had continued to hold himself out as a CPA and trade on the designation (evidenced by his signage.) Mr. Ritter has been ordered by the Court to cease and desist from holding himself out as a CPA and from offering to perform public accounting services.

## QROC COMMITTEE

The Board appointed Fred Christensen, CPA as the newest member to the Quality Review Oversight Committee. Mr. Christensen is affiliated with Leavitt, Christensen & Co in Boise. He replaces Roland Smith, who retired earlier in 1999. Welcome aboard, Fred!

### **Information and Advice Received Orally**

Staff and individual Board members may provide general information and information about interpretations formally issued by the Board. Requests for other opinions, interpretations of the act or regulations, or inquiries related to how to proceed in a given situation, should be submitted in writing to the Board office. A written response will be provided. Oral opinions or interpretations given by individual Board members or staff are non-binding. Although we try to be as accurate as possible, applicants and licensees who act in reliance on oral opinions must remember that they do so at their own risk.

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## HOLDING OUT AND THE INTERNET

For licensees who are considering placing their licenses into Inactive or Retired Status, beware! You could inadvertently find yourself out of compliance with the Idaho Accountancy Act and Rules with respect to holding out as a CPA.

You may be unknowingly listed on the Internet in Yahoo, directories, or other forms of "yellow pages" as a CPA. While your license is in Active Status, there is no problem. However once you have elected Inactive or Retired Status, you may be in violation of the Idaho Code and it is your responsibility to correct the violation.

Many of the providers of this Internet information say they have a disclaimer of some sort. They also indicate that they get their information from a variety of sources and are not responsible for the accuracy of these sources. They feel they are providing a service and it is the responsibility of the user of their information to seek out the accuracy by contacting the appropriate state board to find out if the person or firm is actually registered and licensed to practice in their jurisdiction.

Just who is responsible for the accuracy of information on the Internet? The Internet itself? The user of the Internet? The Idaho Board of Accountancy? The CPAs? As a self-regulating profession, CPAs are responsible. We suggest accessing Internet sites, find your listings and see if the listings are accurate. If they aren't, write the providers of the inaccurate information and let them know the information isn't accurate. If you don't, you may be in violation of the Idaho Code with respect to holding yourself out as a CPA.

*In response to numerous inquiries, we are reprinting this article from our last issue.*

## INTERPRETATION: RETENTION OF CLIENT RECORDS AND WORKING PAPERS UNDER RULE 409

From time-to-time, the Board receives inquiries from licensees and clients of licensees concerning the rules governing retention of client records and working papers. The purpose of this interpretation is to explain the Board's position with respect to those matters.

Records are governed by Idaho Accountancy Rule 409 (IDAPA 01.01.01.409), which reads as follows:

**409. RECORDS (Rule 409).** *A licensee shall furnish to his or her client or former client, upon request made within a reasonable time after original issuance of the document in question:*

**01. Tax Return.** *A copy of the tax return of a client; and*

**02. Other Document.** *A copy of any report, or other document, issued by the licensee to or for such client; and*

**03. Accounting Or Other Records.** *Any accounting or other records belonging to, or obtained from or on behalf of, the client which the licensee removed from the client's premises or received for the client's account, but the licensee may make and retain copies of such documents when they form the basis for work performed by him; and*

**04. Working Papers.** *A copy of the licensee's working papers, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records and are not otherwise available to the client.*

**05. Charges.** *A licensee is not required to furnish records to a client or a former client more than once. A licensee may charge the client or former client actual costs for time and photocopying charges on subsequent requests.*

Implicit in the framework of the rules are the fundamental notions that a client is entitled under all circumstances to his or her own records,

but that a licensee is entitled to be paid prior to releasing any work product. The more difficult issue is to what extent working papers constitute a client's records under Rule 409.04.

The American Institute of Certified Public Accountants (AICPA) has addressed that issue in its interpretation of its Acts Discreditable. The Board agrees with the currently proposed revision to AICPA's Interpretation 501-1, which states in pertinent part as follows:

- *A client's records are any accounting or other records belonging to the client that were provided to the member by or on behalf of the client. If an engagement is terminated prior to completion, the member is required to return only client records.*

- *A member's workpapers including but not limited to analyses and schedules prepared by the client at the member's request are the member's property not client records and need not be made available.*

- *In some instances a member's workpapers contain information that is not reflected in the client's books and records, with the result that the client's financial information is incomplete. This would include (1) adjusting, closing, combining, or consolidating journal entries, (2) information normally contained in books of original entry and general ledgers or subsidiary ledgers, and (3) tax and depreciation carry forward information. In those instances when an engagement has been completed, such information should also be made available to the client upon request. The information should be provided in the medium in which it is requested, provided it exists in that medium. The member is not required to convert information that is not in electronic format to an electronic form. The member may require that all fees due the member, including the fees for the above services, be paid before such information is provided.*

### In summary:

- (1) A licensee need not provide a client with a tax return, report, or other work product unless the licensee has been paid for the services rendered.
- (2) Upon request made within a reasonable time after the original issuance of the document in question, a licensee must provide to a client or former client a copy of a previously provided tax return, report, or other work product. However, if the licensee previously provided work product to a client prior to being paid, then the licensee need not subsequently provide copies of the work product until the licensee is paid.
- (3) Upon request, a licensee must always return a client's original records supplied by or obtained on behalf of the client, whether or not the engagement was terminated or the licensee was paid for services rendered.
- (4) For purposes of this rule, a client's records include the licensee's workpapers to the extent they include the type of items described in the currently-proposed revision to AICPA Interpretation 501-1. However, the licensee need provide a client or former client with copies of such workpapers only if the licensee has been paid for the services rendered.
- (5) Other than workpapers which become part of a client's records, a licensee's workpapers are the property of the licensee and need not be made available to the client under any circumstances.
- (6) Under Rule 409.05, any document that must be provided to a client or former client must be provided one time without charge. Regardless of the type of document, a licensee need not provide a copy more than once. If a licensee chooses to provide a copy of a document more than once, the licensee may charge the client or former client for the actual costs of time and photocopying.

This interpretation is provided for guidance only and does not confer any right upon any licensee. This interpretation is subject to change at any time without notice. This interpretation is not meant to approve or adopt any further changes or proposed changes to AICPA's Interpretation 501-1 or any similar guidance provided by AICPA. Issued September 24, 1999 by the Idaho State Board of Accountancy.

### Address Change? Let Us Know!

Licensees, please check the mailing label on the upper half of this page. Idaho Accountancy Rule 302 requires license holders to notify the Board in writing within 30 days of any change of address, business connection, or employer.

Licensee Name \_\_\_\_\_

Employer Name \_\_\_\_\_ New?  Yes  No

License # \_\_\_\_\_ Daytime Phone (     ) \_\_\_\_\_

New Mailing Address \_\_\_\_\_  
\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Mail to: Idaho State Board of Accountancy  
PO Box 83720  
Boise, Idaho 83720-0002

OR FAX : 208-334-2615

OR E-MAIL: [isba@boa.state.id.us](mailto:isba@boa.state.id.us)