



Newsletter

Winter 2001 • Volume 23 Issue No. 1

FREQUENTLY ASKED QUESTIONS...

“What is the current status of the Uniform Accountancy Act legislative proposal?”

The legislative proposal has been deferred until the 2002 Legislative Session.

The groups that worked on the proposal (Idaho Association of Public Accountants, Idaho Society of CPAs, and Idaho State Board of Accountancy) had reached agreement on the components. However, stakeholders raised substantial objections on whether or not to grandfather LPAs in as CPAs.

For additional explanation on the process, the questions that were raised, and how the decision to defer the legislation for a year was reached, please refer to the UAA section on our web site www.state.id.us/boa or to the Idaho Society’s web site www.idcpa.org or IAPA’s web site www.iapacct.com

“What changes were made to Auditor Independence Requirements by the Securities and Exchange Commission?”

On November 15, 2000, the Securities and Exchange Commission (SEC) adopted rule amendments regarding auditor independence. The amended rules are effective February 5, 2001.

The amendments modernize the SEC’s rules for determining whether an auditor is independent in light of investments by auditors or their family members in audit clients; employment relationships between auditors or their family members and audit clients; and the scope of services provided by audit firms to their audit clients.

Additional information, as well as the full text of the amendments, is available from the SEC web site under “What’s Hot” www.sec.gov

UPCOMING EVENTS

Feb 1	CPE Late Filing Penalty Begins
Mar 1	CPA Exam Application Deadline
Mar 28	Deadline to Transfer Exam Fee
Apr 1	Exam Documentation Deadline
May 2&3	Uniform CPA Exam
June 30	CPA License Renewal Deadline

INSIDE

Engagement Letters	pg 2
Special Recognition	pg 3
Late CPE Filing	pg 4
CPE Requirements	pg 5
NASBA’s CPE Web Site	pg 5

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ENGAGEMENT LETTERS AS A RISK MANAGEMENT TOOL

It is no secret that the accounting profession's clients are more litigious now than they were a few years ago. As the accounting profession takes on more roles in order to remain competitive, lawsuits now delve into a wider range of issues. Where once they were largely generated by tax and audit work, now they also derive from compilation and review, write-ups, and management advisory services.

Many lawsuits involving CPAs are the result of a communication breakdown (or "expectation gap") between the CPA and the client. In many situations, the client's understanding of the scope of services to be performed and how the work product will be utilized may be quite different from the CPA's understanding of these issues.

Although engagement letters are not required legally, they are strongly encouraged. A properly drafted engagement letter can serve as a helpful risk-management tool by establishing a legal framework for a working relationship with a client. While the engagement letter itself may vary with the level of service or type of engagement to be provided, common provisions in most engagement letters include the following:

- Identification of the client;
- Description of the engagement and its limitations;
- Timing of the work and staffing of engagement;
- Client information and responsibilities;
- Designation of the party to work with the CPA;
- Identification of intended users of work product;
- Fees and payments;
- Withdrawing from and/or terminating engagement;
- Responding to discovery requests, subpoenas, and outside inquiries;
- Alternative dispute resolution as a means of resolving disputes;
 - Where applicable, disclosures recommended or required by the AICPA; and
 - Client signature.



SPECIAL RECOGNITION

LICENSING ACTIVITY

Board approved as of 12-14-2000



Name	License Number	Effective Date	Type
Crystal L Edson	CP-3901	10/6/00	Exam
Michelle C Giammona	CP-3902	10/6/00	Exam
Sean R Hart	CP-3903	10/6/00	Exam
Matthew C Campbell	CP-3904	10/12/00	R-TX
Janice L Strickland	CP-3905	10/12/00	Exam
Naomi Crafton-Shankel	CP-3906	10/12/00	Exam
Jeffrey D Klassen	CP-3907	10/12/00	Exam
Brandon L Baiamonte	CP-3908	10/16/00	Exam
Joseph S Feider	CP-3909	11/15/00	TG-OR
Julie R Day	CP-3910	11/15/00	Exam
Mary L Sprong	CP-3911	11/15/00	R-CO
Matthew E Regen	CP-3912	11/15/00	Exam
Vickie E Sargent	CP-3913	11/15/00	Exam
Deborah A Wilkinson	CP-3914	11/30/00	Exam
Brian J Bednar	CP-3915	12/5/00	Exam
Elizabeth M Otander	CP-3916	11/16/00	R-NJ
Helen L Belloni	CP-3917	11/17/00	R-AZ
Joel A Vach	CP-3918	12/11/00	R-GA
Jason Nichols	CP-3919	12/12/00	Exam
John N Abdo	CP-3920	1/1/01	R-MN
David L Allen	CP-3921	1/1/01	Exam
Douglas W Child	CP-3922	1/1/01	R-UT
Debra S Cutright	CP-3923	1/1/01	R-CA
Brian L Frei	CP-3924	1/1/01	R-OR
Jason A Hege	CP-3925	1/1/01	Exam
M Loretta Madison	CP-3926	1/1/01	Exam
Kristin C Mendoza	CP-3927	1/1/01	R-CA
Lori E Shandro	CP-3928	1/1/01	TG-WA
Bridget J Watkin	CP-3929	1/1/01	Exam
Angella N Eckert	CP-3930	1/1/01	Exam
Frank D Chapman	CP-3931	1/1/01	R-WA

R = Reciprocity License TG = Transfer of Grades

1ST CPE REPORTS RECEIVED

Congratulations to the following CPAs who were the first to turn in their 2000 CPE reports:

CP- 759	Paul E. Anderson
CP-2002	Scott G. Barner
CP-2352	Michael Burr
CP-3258	Jerry Dill
CP- 555	Vern Gentry
CP- 963	Perry Harding
CP-1713	Joan Jagels
CP-2816	Robert D. Johnson
PA- 163	Elmer Schraft
CP-2142	Kurt Stadlbauer
CP-2528	Craig Weathers
CP- 940	Alden Wilson

REINSTATED LICENSES

The Board would like to welcome back the following licensees who have reinstated their Idaho CPA license since October 2000:

CP-2771	Mark Cannon	CO
CP-3599	Christopher Perryman	ID

In Memorial..

Larry Wickham CP-1081 ID



LATE CPE

The deadline for postmarking your 2000 CPE Report was January 31, 2001. If you have not yet sent in your report, you must also submit the following:



\$150.00 late fee (the fee will increase to \$200.00 in April, with an additional \$50 per month each month thereafter through June)

Documentation for each course listed on your CPE Report.

CPE REGULATIONS

There are a few CPE requirements and rules that appear to cause some confusion to licensees. Perhaps the following explanations will help to clear up any misconceptions or questions you may have. CPE Rules are published in their entirety on our website at www.state.id.us/boa.

C CALCULATING PARTIAL HOURS AND CPE CREDIT

The Board *does not accept partial hours* for CPE credit. To earn one hour of CPE credit, the class must be at least **50 minutes in length**. If the class is 90 minutes long, you still receive *only 1 hour of credit*. If the class is **100 minutes long**, you will receive **2 hours of CPE credit**.

List *full hours only* on your CPE report. If you list partial hours on your report; 1.5, 2.75, 4.25, etc., they will automatically be rounded *down* to the nearest hour.

C INSTRUCTOR/SPEAKER CREDIT

This category is for the licensee who *personally instructs* a course or is the speaker at a class. It is not the category for classes you attend that *feature* an instructor or speaker.

Important: If you are considering teaching or speaking at a class, please refer to the Accountancy Act beforehand. Only certain programs will qualify. The Idaho Accountancy Act and Rules state in part that:

A..Credit as an instructor, discussion leader, or speaker will be allowed for any program provided that the program is one which would meet the continuing education requirements of those attending.@

C UNIVERSITY CREDIT

University or college courses must be *upper division* courses which meet subject matter standards. The course number must be 300 or above to qualify. Courses numbered 100-200 *will not qualify*.

CPE REGULATIONS (continued)

C SELF STUDY/CORRESPONDENCE COURSES

There are two different types of self study courses; interactive and non-interactive. Interactive self study should receive full credit (50 minutes for each credit hour) while non-interactive self study should receive one-half credit (100 minutes for each credit hour). Courses labeled Aquizzer@programs will generally receive only one-half credit. Following is the rule from the Idaho Accountancy Act and Rules distinguishing the two:

507. OTHER QUALIFYING PROGRAMS AND ACTIVITIES (Rule 507).

01. Programs. The following will qualify as acceptable continuing education programs provided they meet the standards outlined in Rule 505 and are properly reported, and comply with all other applicable requirements under these rules:

a. Interactive-Self Study Programs: A program designed to use interactive learning methodologies that simulate a classroom learning process by employing software, other courseware, or administrative systems that provide significant ongoing, interactive feedback to the learner regarding his or her learning progress. Evidence of satisfactory completion of each program segment by the learner is often built into such programs. These programs clearly define lesson objectives and manage the student through the learning process by (1) requiring frequent student response to questions that test for understanding of the material presented, (2) providing evaluative feedback to incorrectly answered questions, and (3) providing reinforcement feedback to correctly answered questions. Therefore, capabilities are used that, based on student response, provide appropriate ongoing feedback to the student regarding his or her learning progress through the program. Interactive self-study programs should receive CPE credit equal to the average completion time (50 minutes for each credit hour).

b. Non-Interactive Self-Study Programs: Any self-study program that does not meet the criteria for interactive self-study. Non-interactive self-study programs should receive CPE credit equal to one-half of the average completion time (100 minutes for each credit hour).



LOOKING FOR CPE?

The National Association of State Boards of Accountancy (NASBA) has recently developed CPEMARKET.COM, a web site that CPAs can utilize to search a database of course listings. For more information, go to the web site at www.cpemarket.com.

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.

Address Change? Let Us Know!

Licenses, 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 _____

License # _____ Daytime Phone () _____

New Mailing Address _____

City _____ State _____ Zip _____

Email Address _____

Employer Name _____ New? Yes No

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