



# Newsletter

October 1999 • Volume 21 Issue No. 4

## FREQUENTLY ASKED QUESTIONS...

### AM I REQUIRED TO GIVE THE CLIENT WORK PAPERS IF I HAVE NOT BEEN PAID FOR THE ENGAGEMENT?

The Idaho State Board of Accountancy is often asked what records must be returned at the request of a client. During their September 1999 Board Meeting, the State Board adopted an interpretation of Rule 409. The full statement can be found on page 4. The key points are:

- Final work product does not have to be given to the client until payment is rendered.
- A copy of a previously released work product must be provided upon request by the client. However if it was released prior to payment and no payment has been made, an additional copy does not have to be provided.
- Original client records must be provided upon request of the client regardless of payment for any services done by the licensee.
- Client records include the type of items described in the proposed revision to AICPA's Interpretation 501-1 (see page 4.) Copies of these work papers need be returned only when payment has been made.
- Work papers that are not part of the client's records are property of the licensee and need not be made available to the client.
- One copy of any client record must be provided without charge. Additional copies provided to the client may include actual costs of time and photocopying.

## UPCOMING EVENTS

November 3 & 4	Uniform CPA Exam
November 19	CPE forms mailed
January 31, 2000	CPE Reporting deadline
January 31, 2000	CPA Exam grades mailed
February 1, 2000	CPE Late Fines begin

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**IDAHO STATE BOARD  
OF  
ACCOUNTANCY**

**Leonard R. Hodge, CPA**  
*Chair, Coeur d'Alene*  
(208) 765-9500

**Samuel K. Cotterell, CPA**  
*Vice-Chair, Boise*  
(208) 384-7858

**J. Thomas Jones, CPA**  
*Secretary, Gooding*  
(208) 934-8439

**Larry Stewart, LPA**  
*Treasurer, Nampa*  
(208) 466-1284

**Donald C. Etter**  
*Public Member, Mtn. Home*  
(208) 587-2104

**Larry R. Bird, CPA**  
*Disciplinary Co-Chair, Boise*  
(208) 342-9361

**Lela D. "Kitty" Pumphrey, CPA**  
*CPA Member, Pocatello*  
(208) 236-4292

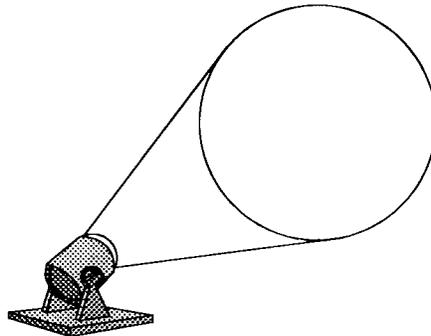
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**NEW BOARD MEMBERS APPOINTED**

The Idaho State Board of Accountancy  
Welcomes

Lela D. "Kitty" Pumphrey, CPA  
and  
Larry R. Bird, CPA



**Board Office and Staff**

Owyhee Plaza  
1109 Main Street, Suite 470  
Boise, Idaho 208-334-2490  
Fax 208-334-2615  
[isba@boa.state.id.us](mailto:isba@boa.state.id.us)  
[www.state.id.us/boa](http://www.state.id.us/boa)

**Barbara R. Porter**  
*Executive Director*  
[bporter@boa.state.id.us](mailto:bporter@boa.state.id.us)

**Sandy Gentry**  
*Office Manager*  
[sgentry@boa.state.id.us](mailto:sgentry@boa.state.id.us)

**Kris Pollard**  
*CPE & QR Coordinator*  
[kpollard@boa.state.id.us](mailto:kpollard@boa.state.id.us)

**Denise Jones**  
*Investigative Coordinator*  
[djones@boa.state.id.us](mailto:djones@boa.state.id.us)

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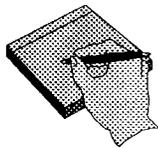
Governor Dirk Kempthorne appointed the Idaho State Board of Accountancy's two newest members, Lela D. "Kitty" Pumphrey, CPA of Pocatello and Larry R. Bird, CPA of Boise. Their terms are effective September 1, 1999.

Ms. Pumphrey is a faculty member at Idaho State University. Mr. Bird is a partner with the Boise office of Deloitte and Touche.

Both Ms. Pumphrey and Mr. Bird have been appointed to five year terms on the Board. Ms. Pumphrey replaces Alan Van Orden, CPA, and Mr. Bird replaces LaVern Gentry, CPA, each of whom completed their five year appointments in August.

Welcome to the Board, Kitty and Larry!

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## CPE REPORTING

In November you will be mailed your annual CPE reporting form. Please contact the Board office if you have not received this form by the middle of December.

**I. CHANGES TO THE 1999 FILING PROCESS YOU WILL NOT RECEIVE REMINDER NOTICES AFTER THE FILING DEADLINE.** For questions about CPE reporting or consequences of late filing, refer to Idaho Accountancy Rules 501-518 or call us.

**II. GENERAL REPORTING INFORMATION**  
All licensees (including new and reinstated licensees) must file a CPE Report. Your signature is required. CPE must be reported on the form prescribed by the State Board of Accountancy. You may use the CPE form sent to you or use the spreadsheet version which can be found in the CPE section of our web site at [www.state.id.us/boa/](http://www.state.id.us/boa/)

**III. REPORTING DEADLINE**  
Your CPE Report must be returned to the State Board no later than **January 31, 2000**. A US Postal Service postmark as of that date will be considered timely.

**IV. LATE FILING: FINES & CONSEQUENCES**  
If the form is returned during the month of:  
February, the fine is \$100  
March, the fine is \$150  
April, the fine is \$200  
May, the fine is \$250  
June, the fine is \$300.

If the form, appropriate fine and audit documentation are not returned by June 30, 2000, the Board will begin suspension proceedings against you and may refuse to renew your license pursuant to *Idaho Code 54-219*. Late fine will not be waived for late/lost mail if licensee fails to inform the Board office of address changes.

**V. REPORT RECEIPT CONFIRMATION**  
Return the enclosed postcard with your report to receive confirmation of receipt of your CPE Reporting Form at the Board office. **It is the licensee's responsibility to verify receipt.**

## MAY 1999 CPA EXAM

### HIGH SCORING CANDIDATES

**RICHARD M. GIESBRECHT  
BONNIE M. SPENCER  
WADE E. HIRSCHI  
JAMES E. DANIELSON  
AMY L. CLAIRMONT**

**Congratulations Candidates  
Job Well Done!**

### STATISTICS

The following statistics reflect May 1999 Uniform CPA Examination results for Idaho candidates:

	# of Candidates	# Passed	%
Audit	196	58	30%
Business Law	202	42	20%
Accounting & Reporting	210	41	20%
Financial Acctg & Report	192	57	30%
Passed in one sitting	14		6%
Passed after add'nal sitting(s)	24		10%
New Condition	32		13%
Additional Condition	10		4%
Failed	156		67%
Total Sitting	236		100%

	# of candidates	% of all candidates
First Time Candidates	88	37%
Passed in 1 sitting	14	6%
Re-exam Candidates	148	63%
Passed in 1 or more sittings	24	10%

Conditioned status is granted for passing at least two sections with at least a 75% grade with at least 50% in the two failed sections. After conditioning, the candidate has 6 consecutive given examinations to pass the remaining subjects. If a candidate does not pass within the next 6 exams, conditioned status is lost and the candidate must start over by sitting for all four sections of the exam.

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

Issued September 24, 1999 by the Idaho State Board of Accountancy

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.

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

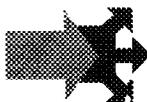
Education requirements will change July 1, 2000. Any candidate who meets the current education requirement (bachelors degree with 30 semester credits in business, 20 of which are accounting) or will meet the current requirements within 90 days of the May 2000 examination may apply no later than March 1, 2000 to be approved as a candidate for the May 2000 examination.

Candidates approved by the Board to sit for the May 2000 examination will not be subject to the 150 hour education requirement unless they are unable to provide evidence of their degree within 90 days of the May 2000 exam.

For more information, visit our web site at:  
[www.state.id.us/boa](http://www.state.id.us/boa)

Please share the news with potential candidates!

**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.

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

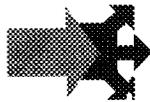
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24 semester hours (undergraduate) or 15 semester hours (graduate) in accounting, and at least one course of financial accounting, auditing, taxation, and management accounting.
- **Bachelors Degree in Business**  
24 semester hours in business (other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

# DISCIPLINARY ACTIONS

through September 1999

CPA LICENSES OF THE FOLLOWING INDIVIDUALS WERE SUSPENDED BY THE BOARD AT THE SEPTEMBER 1999 MEETING. LICENSES WERE SUSPENDED FOR FAILURE TO COMPLETE, REPORT AND DOCUMENT THE 1998 CPE REQUIREMENTS NECESSARY TO RENEW LICENSES.

**SANDRA A. BOOTS**

**KELLY M. HUDSON**

**DANIEL A. LEONARD**

**KENNETH P. MAESTAS**

**CHRISTOPHER L. MIDDLETON**

**MARK L. SHELBY**

**ROBB C. WARWICK**

These individuals are no longer allowed to use the CPA designation or provide public accounting services due to the Board ordered suspension. If you have any information that the Board order has been violated, please contact the Board office.

**THE IDAHO STATE BOARD HAS INSTITUTED A POLICY OF PURSUING INJUNCTIVE RELIEF AND/OR CRIMINAL PROSECUTION IN CASES WHERE INDIVIDUALS CONTINUE TO TRADE ON THE CPA DESIGNATION AFTER BEING BOARD SUSPENDED.**

## Fast Track to Nowhere: Cheating on the Uniform CPA Examination

The Idaho State Board of Accountancy takes cheating on the Uniform CPA Examination very seriously. The Board uses a variety of tools and procedures to prevent candidates from cheating on the exam. Proctors are trained to watch for unusual incidents during the exam and to document the occurrence of any unusual activity.

Some actions that may be considered cheating include:

- falsifying credentials;
- copying another candidate's answers during exam;
- helping another candidate during the exam;

- using unauthorized materials during the exam;
- unauthorized communications with an individual, in or out of the exam site, during the exam;
- taking written materials, notes, etc. into and out of the exam site; and/or
- divulging exam information in violation of the nondisclosed exam policies.

In addition, during the grading process, the AICPA Advisory Grading Service (AGS) instructs graders to report all cases of unusually similar responses. After grading is complete, the AGS compiles a report, the "90% Similarity Report," which identifies

candidates whose patterns of answers are similar and forwards the report to the Board. The Board may use this report to support an existing investigation into possible cheating or to initiate such an investigation.

If the Board determines that a candidate has cheated, the candidate will be subject to a variety of penalties, including, but not limited to, invalidation of grades and disqualification from subsequent exams. In cases where cheating is discovered after a candidate has obtained his or her CPA certificate, the Board may permanently revoke the certificate.



# SPECIAL RECOGNITION

## LICENSING ACTIVITY

through 9-24-99

License Number	Effective Date	Name	Type
CP-3743	7/1/99	Charles A. Hall	R-WA
CP-3744	7/1/99	Marion R. De Maria	Exam
CP-3745	7/1/99	Eric L. Gerratt	Exam
CP-3746	7/13/99	Roberta J. Difranco	R-WA
CP-3747	7/13/99	Marilyn L. Gunderson	Exam
CP-3748	7/13/99	Terry M. Bayless	R-SC
CP-3749	7/13/99	Bernadette Madarieta	Exam
CP-3750	7/14/99	Teresa R. Schmaljohn	Exam
CP-3751	7/23/99	Landon J. Brazier	R-WA
CP-3752	7/28/99	Brian L. Cox	Exam
CP-3753	7/28/99	Dean G. Gibson	R-WA
CP-3754	7/28/99	Coline L. Huff	Exam
CP-3755	7/28/99	Keith E. Taylor	Exam
CP-3756	8/9/99	Barbara Ann Dutra	Exam
CP-3757	8/9/99	Mary Jane Thompson	Exam
CP-3758	9/14/99	Heidi M. Gropp	Exam
CP-3759	9/14/99	Tari L. Stockton	Exam
CP-3760	9/14/99	Jeannine M. Verbanac	Exam
CP-3761	9/14/99	Larry Todd Ames	R-MO
CP-3762	9/14/99	Jo Ellen Dinucci	R-TX
CP-3763	9/14/99	Lynn K. Twesme	TG-WI
CP-3764	9/14/99	Cynthia McNutt	R-CA
CP-3765	9/14/99	Nathan S. Strong	Exam
CP-3766	9/14/99	Martha Sandifer	Exam
CP-3767	9/14/99	Ryan D. Butler	Exam
CP-3768	9/14/99	Steven M. Frei	Exam
CP-3769	9/14/99	Scot R. Haug	R-WA
CP-3770	9/14/99	Petra A. Hurst	Exam
CP-3771	9/16/99	James W. McMahon	Exam
CP-3772	9/23/99	Keith R. Bernhart	Exam
CP-3773	9/23/99	Jay G. Doman	Exam
CP-3774	9/23/99	Wendy J. LaVoie	Exam

## LICENSEES REINSTATED

since July 1999

Gary Kittleson, CPA	CP-1381	ID
Lisa Grover, CPA	CP-1988	ID

## INACTIVE OR RETIRED LICENSE STATUS

since July 1999

### RETIRED:

Hansen, Sherman	CP- 428	ID
Smith, Roland	CP- 327	ID

### INACTIVE:

Chisholm, Nancy	CP-3484	UT
Cocales, Dana	CP-3353	WA
Hall, Kim B.	CP-2408	ID
Jones, Laura	CP-3474	ID
O'Donnell, Timothy	CP-3491	WA
Riegert, Fae	CP-2131	ID
Schneider, Steven K.	CP-1364	ID
Wright, Douglas	CP-3533	CO

## QUALITY REVIEW OVERSIGHT COMMITTEE

We would like to thank Roland Smith, CPA-Retired for his service as a member of the Quality Review Oversight Committee. Mr. Smith served on this committee for the past two years. The Board has not yet appointed a replacement.

### 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!

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)