

North Dakota State Board of Accountancy
Meeting Notes: Feb. 1, 2010

Participants: Harold Wilde, Nikki Schmaltz, Ron Johnke, George Kelly, Mandy Harlow, Jim Abbott.
The meeting began at 9:03, with Wilde presiding.

ENDORSEMENT

We will issue an endorsement letter supporting Mark Harris for NASBA chair-elect.

COMPLAINTS

2010-1. We will ask the firm to add to its disclaimer, as per regulation. A note will be made to consider including "not licensed" in future rule changes. George moved to close the case; second by Ron; carried with no opposition.

2009-6. Jim will check with legal counsel about using the retention time for fraud complaint files / database notes, and handling a reinstatement request in the case of past fraud. Nikki moved to close the case; second by Ron; carried with no opposition.

2009-7. Ron moved to close; George seconded; carried unanimous.

Jim reported on a matter forwarded from the Secretary of State; there was no issue of concern for us.

2009-8. This case involves a Department of Labor judgment. This is a serious matter; the next step is to invite the CPA to explain.

2008-6. The revocation process was stopped on this case. We will check accessibility of the accountant in the future.

NEXT MEETING: Friday, May 7, 9 am, at the Brady Martz offices, in Grand Forks.

ADJOURNED at 9:40 am.

Secretary

Date

North Dakota State Board of Accountancy
Meeting Notes: 5/7/10

The meeting began at 9:07 am; in attendance were: Rick Lee, Nikki Schmaltz, George Kelly, Ron Johnke, Harold Wilde, Mandy Harlow and Jim Abbott

Minutes of 11/13/09 and 2/1/10 were approved on motion by Rick, second by Nikki; carried unanimous.

FINANCIAL MATTERS

Various questions were addressed. Nikki will be the voting delegate if she attends the NASBA Regional. Disbursements 12364 to 13444 were approved on motion by Nikki; second from George; carried unanimous. We will wait for new board to adopt the budget.

The representatives to the annual joint meeting will be George and Nikki (Rick if meeting is in Bismarck). Jim invited the group to notify him if any areas arise the group would like him to focus on. BREAK

PEER REVIEW

Stan Sandvik reported on the Society's Peer Review operation, including numbers of reviews, ratings, and typical problems. He raised the issue of financial statements being prepared by CPAs within entities that are not accounting firms or involved in peer review. The group discussed this issue. There is a specific law provision allowing financial statement preparation in manufacturing and sales situations. Jim will check with legal counsel regarding whether a peer review could be required in such situations, and what exactly the exclusion allows. Jim will check with Stan re. the circumstances he has found.

NEXT MEETING: Friday, July 9, at 9 am, at Brady Martz, in Grand Forks. Break

NASBA NOMINATIONS: As a practice, the Board will not endorse candidates, other than an ND person.

NASBA REPRESENTATIVE: Ted Lodden connected by phone at 11 am. He shared information about NASBA services and the regional meeting agenda. He mentioned that a peer review letter of comments will be held in a secure file. He also mentioned a healthcare integrity and protection reporting issue. A selection committee will work on finding a replacement for NASBA CEO, David Costello. Harold raised the issue of NASBA's financials being very healthy, therefore why are meeting registration and dues so high. NASBA is spending an amount comparable to dues income, for sponsoring state board attendance at meetings. Harold asked whether NASBA was responding to a major firm criminal indictment. Harold also asked about a NASBA-AICPA study of the 120/150 issue - we would like to see the results. Ted indicated they will get back to us on the issues raised.

MEAL EXPENSES: We had sought guidance from legal counsel regarding meal expenses; the practice is legal, but we will use a moderation approach regarding alcohol.

COMPLAINT RETENTION: We will request a retention period of 10 years for complaint files, but retaining those with disciplinary action for as long as the licensee is living.

REINSTATEMENT

5 years is considered to be proof of rehabilitation. Reinstatement will be granted to Siraj S. Fidai.

POTENTIAL RULE CHANGES

The group discussed the late fee situation, and agreed to relinquishing a certificate when renewal is not completed by Aug. 31; licensees short on CPE would be allowed a make-up period ending Oct. 31. We will proceed with various rule changes; they will be reviewed by the Board.

For purposes of "retired" status, "employed" will be considered to be a paid situation, performing professional services typical of CPAs.

We will propose an addition to the disclaimer language, indicating the person or firm is not licensed.

We will use the concentration language as printed in the rule changes handout

COMPLAINTS

Ron moved to close case 2010-3; second by Rick; carried unanimous. Case 2009-8: we will accept the surrender of the CPA certificate; the CPA will be required to respond adequately to the issues in the complaint file, before reinstatement will be granted. Case 2010-4. The accountant will be given until May 31 to respond to our inquiries and return related client records, or we will proceed with revocation [on motion by Ron, second by George; carried unanimous]. Case 2010-2: This matter will be tabled; we will require the accountant supply related correspondence to & from the AICPA. We will also ask for his most recent peer review material. We will examine his past CPE to determine if relevant CPE has been taken.

CLIENT ISSUE

Jim reviewed an inquiry from a CPA related to a potential problem. However, the party has not sought the Board's action; no further action will be taken.

ADJOURNED: 1:24 pm.

Secretary

Date

North Dakota State Board of Accountancy
Meeting Notes: Sept. 10, 2010

The meeting began at 11:31. Participants: Ron Johnke, Nikki Schmaltz, George Kelly, Faye Miller (new board member), Rick Lee, Harold Wilde, Jim Abbott and Mandy Harlow.

OFFICER SELECTION: Rick was selected as President (Motion: George, Second: Nikki; carried). Harold Wilde joined the group for approximately 30 minutes. Ron was re-elected as Secretary.-Treasurer (Motion: Nikki, Second: Rick; carried).

MINUTES: Approved (Motion: Nikki; Second: Ron; carried).

DISBURSEMENTS: Approved (Motion: George; Second: Nikki; carried).

BUDGET: Approved as amended [increase exam income to \$24K, change the payroll-related accounts to better reflect the Joint meeting decisions] (Motion: George; Second: Ron; carried).

PRESENTATION: Ron made a presentation to Harold Wilde, who has ended his service on the Board.

AUDIT: Approved (Motion: Nikki; Second: George; carried).

RULE CHANGES: The group agreed to not propose additional disclaimer language. We will require submission of a Peer Review report or oversight acceptance letter, using a yearly or three-year submission (whichever is easiest). There was an encouragement to make sure new firm peer reviews are completed. The group agreed to propose a higher reinstatement fee -- \$250. For purposes of retired status, we will keep the interpretation of "working" as is -- not working in any capacity. We will propose that the term "retired" be used whenever the credential is used by a retired CPA or LPA.

The rule changes will be held for the time being.

NASBA REGIONAL: Nikki and Jim shared comments about the meeting.

LEASE RENEWAL: Ron moved to approve a 5 year extension; Second: George; carried.

COMFORT LETTERS FOR BANKS: The group discussed the issue, but took no action.

CONVENTION: Rick will represent the Board at the upcoming New CPA Banquet.

NON-RENEWALS: Various licensees have recently been terminated ("involuntarily relinquished"), but some are based within the State. We will have legal counsel issue a letter to these, indicating that they are not licensed, etc., and that the next step will involve court action if they hold out as CPAs. We will check their holding out status in approximately a month.

COMPLAINTS: Case 2010-2. AICPA is also involved in this matter. We will monitor this situation.

Case 2010-4 and 2009- 8. These two cases were closed (Motion: Ron; second: George; carried).

Case 2010-5. We will conduct a preliminary review, when more information is obtained.

REINSTATEMENTS: Approved for Nowak and Farish (Motion: Nikki; Second: Faye; carried).

SPECIAL REQUEST: candidate's request for a waiver of the 150 hour provision was not approved.

NEXT MEETING: Nov. 19, 2010, 11:30 am, Grand Forks.

ADJOURNED, at 1:37 pm.

Secretary

Date

North Dakota State Board of Accountancy

Meeting Notes: Nov. 19, 2010; 11:30 am

The session was called to order at 11:34. Ron Johnke presided during the meeting. Participants were: Ron Johnke, George Kelly, Nikki Schmaltz, Rick Lee & Faye Miller by phone, Jim Abbott, Mandy Harlow.

MINUTES: Rick moved to accept the Sept. 10, 2010 minutes; second by Faye; carried.

FINANCIAL REPORT

Nikki moved to approve the disbursements [13552 & 13555 to 13670] and the October financial reports; George seconded; carried. The Board was briefed on internal control processes that are being used -- checking and brokerage statements being sent directly to the Secretary for review; unclear transactions are questioned with staff; statements are then sent on to the office. The past audit qualification related to segregation of duties issue has been resolved.

NASBA ANNUAL MEETING

Various aspects of the meeting were addressed, including the IRS Taxpayer registration process, etc. As for the IRS enforcement database, if it is not searchable by state, we could suggest this feature to the IRS. Other states incur substantial default rates with their auditing of CPE records. Our current CPE review processes were reviewed. All forms are examined, with questionable items being checked with the CPA.

A small sample is audited, with verification being requested from the filer. A sample of forms that claim home-state exemption are verified with the home state. We do not accept CPE claims without the proper details. Of 3000 licensees, approximately 75% list education. In times past a larger sample was audited. Staff will visit with other states regarding the percentage of licensees audited, what type of infractions they are finding. Perhaps we will need to audit more self-study. We will also ask about how they assure the relevance of taken CPE to the licensee's work areas. Only a few boards are fully independent agencies -- including NC, ND, TX; some have public members.

REINSTATEMENTS

Nikki moved approval of the requested reinstatements (one pending a written request filed by 12/31; otherwise their funds will be returned); George seconded; carried. Jim will check on the ability of the president or acting presiding officer to take part in motions and voting. Faye moved approval of three firm permit reinstatements (subject in one case to payment of remaining fees); Nikki seconded; carried. We will not change the status of two that later contacted the Board. Faye moved that public notice be issued on the board website, within ALD and the Society newsletter and the newspaper; Rick will have authority to determine other next steps, based on the options legal counsel provides; George seconded; carried.

PRACTICE SUPPORT PROGRAM - UPDATE

Jim informed the group of the Society's practice continuation and EAP program pursuits. Funding could come from Society or Board, although board funding was questioned. Another approach could be to have a board-approved licensee assess the ongoing fitness of a licensee

to serve the public when they have experienced some type of troubled situation, and then supervisor / mentor the firm. Break.

COMPLAINTS

One complaint file will be closed, due to a finding that the case lacks cause for action. The complainant will be informed that we consider the original returns correct, and the amended returns to have errors and should be reconsidered. This correspondence will be prepared by Jim, Rick, and legal counsel.

NEXT MEETING: 12:30 pm, Jan. 21, in Grand Forks. The meeting adjourned on motion of George, second by Nikki; carried.

Secretary

Date