

North Dakota State Board of Accountancy

Meeting Notes: May 8, 2012

The meeting began at 11:51, with Rick Lee presiding. Also present were: George Kelly, Faye Miller, Ron Johnke, Nikki Schmaltz, Mandy Harlow and Jim Abbott

MINUTES (11-17-11)

Approved (motion: Faye, Second: Nikki; carried).

FINANCIALS

Expenditures were approved (motion: George, Second: Ron; carried). Jim will check on the \$262 credit in Board expenses, reclassify equipment costs to fixed assets, and check on the \$997 payment to NDCPAS & notify Board.

BUDGET (2012-13)

\$1200 will be removed from the consultant expenses, \$1200 added to benefits expense. The license fee will be raised to \$85 effective July 2013 (motion: Faye; second: Nikki; carried). The 2012-13 budget was approved, with specific compensation-related numbers to be inserted after the joint compensation meeting (motion: Nikki; second: George; carried). The Board delegates for the joint compensation process will be Faye and Nikki; they have decision-making authority. The group visited while Jim and Mandy were absent.

The permanent CPA/LPA files will be digitized, after revising the contents listing in the retention schedule; this involves state approval. The process will protect from fire, theft, etc.

PEER REVIEW

Mandy reported on the review process, which involves using the Facilitated State Board Access site (FSBA) plus direct submission by firms without records in the FSBA.

CPE AUDIT

Mandy reported on the audit process. Records with listed CPE were selected at random to supply verification for the listed CPE (public and nonpublic licensees). Results were good, other than an immaterial error in listed credit for a program. A sample of out-of-state forms was selected, and their respective boards contacted; all were in compliance with the home state requirements.

COMPLAINTS

Three cases will be closed [2011-9, 2010-2, and 2012-1].

Case 2011-10 will be referred to legal counsel for action.

A few "unwritten" matters were addressed. One CPA will be required to explain and explain remedies for client access problems that are occurring, and will need to verify CPE taken; these measures will be required in order to have their certificate renewed. In the case of another CPA (no longer licensed), there have been a number of client access problems. Two other situations were addressed - one involving alleged theft (a

pending judgment will be monitored); the second involving legal actions against the CPA.

NEXT MEETING: July 27 @ 11:30 am, at the Grand Forks office of Brady Martz.

APPLICATIONS

There was no objection to reinstating four licensees [Mark Jones, Wayne Bradley, Jamie Stair, and Eric Spilde]; all are compliant with CPE obligations. An exam candidate desired an extension of time credit for a passed part, in light of having less notice time than is presently the norm; the extension will not be granted. An applicant has various credits earned in a paralegal rubric that could perhaps be considered business credits; guidance will be sought from Dr. Harold Wilde.

AG COUNTRY MATTERS

We will clarify the peer review obligation, and issue a response through legal counsel (also asking about removing sentence 2 of the draft). The Appendix material will be provided to legal counsel, plus the ad placed by an affiliate. There was mention of contacting NASBA legal counsel.

It is not considered a regulation violation to sign the certification inquired about by AgCountry.

1099 PROCEDURE

In the future, we will include only the stipend; not reimbursed expenses.

NATIONAL LEGISLATIVE ADVOCACY

NASBA had sought our involvement with a national legislative matter; the matter was raised as a possible policy issue. We will forward such messages to Board members who are free to respond under their own auspices.

Various PCAOB and other documents were available for review. The question was raised about reviewing the ND-based firm reports (which are open to public inspection on the PCAOB site).

Adjourn: approx. 3:30 pm

Secretary

Date

North Dakota State Board of Accountancy

July 27, 2012 Meeting Notes

The meeting began at 11:58. Participants were George Kelley, Ron Johnke, Faye Miller (by phone), Rick Lee, Nikki Schmaltz, Jim Abbott, Mandy Harlow.

OFFICER SELECTION. Nikki Schmaltz was selected as president [Motion: Rick; 2nd: George; carried].

George Kelly will serve as Secretary-Treasurer. Nikki expressed thanks to Rick for his service.

MAY 2012 MINUTES. Approved as presented [Motion: George; Second: Rick; carried].

FINANCIAL MATTERS. Jim shared comments on the financial statements. He will check on - 252.44 balance in Fed. Tax due and notify the group. Disbursements 14166 to 14247 were approved [Motion: Rick; Ron 2nd; carried]. Ron commented on his financial oversight duties.

Comments were made re the Society//Board sessions; minutes were passed out. The group discussed a staff member's medical leave situation. Paid time will be used up by mid-August. Health insurance will continue for the time being, but we will check on our obligations / authority. Disability insurance is in place for staff. It was agreed that vacation and sick leave will not accrue when payroll ends, unless mandated. Mention was made of Society consideration of the payroll entity.

A five-year pricing proposal had been received from Drees Risky Vallager, for the annual audit. Staff was authorized to contract each year with the firm [Motion: Ron; 2nd: George; carried].

NASBA REGIONAL MEETING. Comments were shared, including that NASBA is offering foreign education evaluation services, outcome-based CPE, and board liability. A legal counsel memo was shared indicating that the board is about as well protected as it can be.

SPECIAL APPLICATION SITUATIONS. Randy Hauk will be reinstated; one year's license fee will be required (not two). We will require formal evaluation of foreign education for all applicants. If any situations arise like the two special UND cases, they will come to the full Board for consideration. An applicant was addressed who had some past legal action; the applicant will be allowed to proceed.

GOVERNOR MEETING. Faye will contact Gordy Smith and Pam Sharp about the idea of holding another meeting as was done last Fall. She will work with Jim on the meeting.

CPA OBLIGATIONS UNDER SSARS. AgCountry wishes to have an official statement re CPAs obligations when involved with their financial statements; they raised the potential of taking the matter to Court. We will arrange a meeting with AICPA to discuss the situation. Jim and Ron will participate. Jim will share background information with AICPA, and check if public notice procedures apply to such a meeting.

NEXT MEETING: Aug 24th. 9:00am, by conference call

The CPA / LPA files are designated permanent; there was no proposal to change. The plan is to purge some material and scan the remainder. Jim and Mandy will review contents to be retained.

COMPLAINTS. There was no objection to closing file 2011-10. File 2012-2 will be followed up soon, to obtain a signed agreement letter and a date for web changes. The website will be examined in about 3 months. The database will be checked to ensure the CPA involved is coded for compilations, so peer review will be expected. An email had been circulated to the Board, re. Case 2011-1. A copy will be sent to Rick. Jim thought he had forwarded the matter to legal counsel.

P.R. EXTENSION. There was no objection to moving the J. Klein due date to Dec. 2013 (medical reasons).

Adjourned at 1:51 [Motion: George; 2nd: Rick; carried].

Secretary-Treasurer

Date

North Dakota State Board of Accountancy

August 24, 2012 Meeting Notes

The conference call meeting began at 9:04.

Participants were George Kelly, Ron Johnke, Faye Miller, Rick Lee, Nikki Schmaltz and Jim Abbott.

MINUTES (July 27, 2012)

Approved [Motion: Rick; 2nd: George; carried].

GOVERNOR MEETING

Faye recommended that instead of trying to meet with the Governor, we send a letter and consider a 2013 meeting. Jim will prepare a letter for Nikki's signature.

AgCOUNTRY CONCERNS

Ron and Jim had met with AICPA staff members about the matter; there is a current exposure draft directly related. We will await the outcome of the standards exposure draft [Motion: Ron; 2nd: Faye; carried].

NASBA could weigh in on the issue. We will ask legal counsel to formally notify AgCountry that we are awaiting the standard setting process, and will delay a formal response until we know its outcome. Jim will forward a copy of legal counsel's letter to the Board.

COMPLAINTS

There had been additional correspondence re. Case 2011-1. We will ask legal counsel to again correspond with the complainant indicating there will not be further Board action, and to address the "settlement" reference we had made earlier.

OTHER BUSINESS

A negative balance in the payroll tax account has been corrected (a penalty reclassified to miscellaneous).

Jim will be visiting with the bookkeeper on the matter, and how to avoid a future issue. He will also have all IRS notices come directly to him. An appeal will be sent to the IRS, if not already done earlier.

Jim updated the group about a staff member on medical leave. He will contact the disability insurance carrier about the impact of part time work. Nikki said to wish her the best.

Discussion re. the NASBA Annual Meeting (Oct. 28-31) and International Forum (Nov. 1, 2).

MEETING DATE: Nov. 9, 2012, 12 pm, at the office of Brady Martz, Grand Forks.

ADJOURNED: at 9:50 am [Motion: George; 2nd: Rick; carried].

Secretary-Treasurer

Date

North Dakota State Board of Accountancy
Meeting Notes: Nov. 16, 2012

Participants: Nikki Schmaltz, Rick Lee, Ron Johnke, Mandy Harlow, Jim Abbott, [by phone: George Kelly & Faye Miller]. The meeting began at 12:03

MINUTES (August 24, 2012): Approved [motion: George; 2nd: Rick; carried].

FINANCIALS

The vacation and sick time payable account will be adjusted in January. The Oct. 31 financial statements and disbursements 14248 to 14369 were approved [motion: Ron; 2nd: Rick; carried].

The June 30, 2012 audit was accepted [motion: Rick; 2nd: Ron; carried].

It was suggested the IRS be contacted prior to payment, if a penalty should ever be levied.

REMODELING: Jim reviewed the project; it was approved [Motion: Ron; 2nd: George; carried].

NASBA ANNUAL MEETING

Jim gave a brief report on the new Framework for smaller entities. George, Nikki and Faye shared comments about the NASBA meeting. IFRS appears to be a long term venture, and there are differences among those countries that have adopted the standards.

Jim reviewed the proposal to consider financial statement preparation as a bookkeeping service, and the possibility of expanding the "attest" definition. There is some concern among the Board. No legislative action will be pursued.

NASBA FOCUS QUESTIONS

Jim had prepared responses to the November Focus Questions. Changes will be made in Q6 (to suggest reconsidering amounts charged for dues and conferences), and Q1 (adding "no" for part b). The NASBA board asserted a preference to limit committee chair roles to NASBA directors.

REINSTATEMENTS

Eight reinstatements were approved -- Mark Jones, Sarah Gustafson, Debra Brown, Sherri Cooke, Robert Reimers, Kathryn Kratoska, Mary Loftsgard, and George Unruh [motion: Rick; 2nd: Ron; carried]. The group was OK with not charging a reinstatement fee when a retired person reactivates.

A request for added examination time was approved [motion: Ron; 2nd: George; carried]. An application was deferred, involving academic credit for education within a foreign chartered accountant program. The application will be forwarded to NASBA for equivalency review (upon applicant approval and submission of documents); there was no objection to paying the related fee.

Jim will gather information from other boards about experiences with foreign evaluation services.

Educational credentials were reviewed for Dickinson applications filed during the past few years, in light of problems the school had with foreign education credentials. No problems were found.

COMPLAINTS

Two complaints were reviewed; prior complaint details will be included when one file is reviewed.

WEBSITE. Staff will review the Board website, updating as needed.

NEXT MEETING: Jan. 25, 2013 - 12 noon, at the Grand Forks Brady Martz office.

ADJOURNED: at 1:53 [motion: Rick; 2nd: Ron; carried].

Date

Secretary