

North Dakota State Board of Accountancy
MEETING NOTES: Feb. 12, 2016

The meeting began at 9:02; in attendance were: Faye Miller, Nikki Schmaltz, Rick Lee, Mike Schmitz, Peter Hoistad, Jim Abbott. Tracee Buethner and Mandy Harlow were present during part of the meeting.

MINUTES (11/20/15). A motion was missing the second [Nikki]; the minutes were approved [Motion: Pete; 2nd: Nikki; carried].

FINANCIALS (12/31/15)

Jim will change the rounding setting, so the net income numbers match. The financial statements were accepted [Motion: Mike; 2nd: Rick; carried]. Pete reported on financial oversight. A deferred comp. withholding issue was mentioned. The Board has latitude with how it invests excess funds, but no changes will be made in its approach.

POSSIBLE CPE CHANGES

Tracee introduced 2 possible rule changes. ND is one of three states with less than 120 credits required. Pete moved to pursue the proposed ethics rule change (3-03-01-01) and removal of a 2003 transition paragraph, but not the proposed temporary practice changes; 2nd: Rick; withdrawn. Mike moved to amend (use an 8 credit requirement over 3 years); 2nd: Faye; withdrawn.

Peter moved to appoint a 3-organization committee to work on rule changes, with Faye & Mike representing the Board; 2nd: Nikki; carried. This group will look at the whole set of rules, including the 60 credit CPE level for non-public, the items not agreed by the CPE committee, retired provisions, etc.

REINSTATEMENTS etc.

Reinstatement was approved for Jeffrey Johnson, Goldie Roberts, Brett Ehrhardt, Shane Monda and Sandra Daby [Motion: Peter; 2nd: Mike; carried]. Added writing time was approved for Ashley Freitas [Motion: Nikki 2nd: Rick; carried]. No action will be taken on securities-related information obtained about a licensee [Motion: Pete; 2nd: Mike; carried]. An exam applicant, with a misconduct allegation, will be allowed to write, but will be reminded of the licensing conditions, including the character provision [Motion: Nikki; 2nd: Pete; carried].

CANADIAN MOBILITY

We will not proceed with this project, due to insufficient CPA interest [Motion: Mike; 2nd: Pete; carried].

NEXT MEETING: May 4, at 12, at BMA - Grand Forks.

ANNUAL JOINT MEETING

Faye and Nikki will be the board representatives to this meeting, which will also address expanded vacation time.

The group also addressed time out of the office, and other staff matters.

Pete reported on a Jan. 27 application review. Files were complete, other than a file without scanned references.

Credit card data will no longer be accepted by paper. Eliminating the application notary was discussed and will be addressed again in May. Jim will visit with NASBA testing personnel about the practice.

Various other items were briefly addressed, such as future expansion of test windows (for which Jim will prepare a motion), a score release delay, elimination of the \$100 reinstatement fee for retired accountants, etc.

COMPLAINTS

Two matters were addressed: one was "unwritten" and no action was initiated. The second is an older matter, for which we will make another attempt in about 60 days to obtain information on any possible malpractice.

ADJOURNED at 11:33 am

Date

Secretary

North Dakota State Board of Accountancy
MEETING NOTES: May 4, 2016

The meeting began at approx. 12; in attendance were: Faye Miller, Rick Lee, Mike Schmitz, Pete Hoistad, Nikki Schmaltz, Mandy Harlow, Jim Abbott

MINUTES (2-12-16): Accepted [Motion: Pete; 2nd: Mike; carried]

FINANCIAL MATTERS

Jim shared highlights of the March 31 financial statements. He will send the current quarter check register (the agenda packet had the wrong year). Jim will correct the -\$1 item on the balance sheet. Financial statements were accepted [Motion: Nikki; 2nd: Rick; carried]. Pete commented on his financial oversight activities.

Jim will check on how often we will receive the unused testing fees from NASBA.
There was comment about the need to add a lengthy pension obligation disclosure.

BUDGET: approved as proposed [Motion: Pete; 2nd: Mike; carried].

RULES REVIEW

It was suggested we remove "other states" cited in 3-02-01-02. Looking at possible law changes was mentioned.

WEBSITE CHANGES

It was proposed that the board website be moved to a new platform. The preference was to stay within the State environment, but find a way to make the site more easily manageable. Comments included needing to redirect traffic to a new site, and using students or a member to build a site.

APPLICATIONS

Reinstatement for Tom Ribb was approved [Motion: Pete; 2nd: Rick; carried].

A grade transfer request was denied for Ahmed Ahmed, and he will be asked to stop using the CPA initials [Motion: Nikki; 2nd: Pete; carried]. He is using CPA in email correspondence; the reasons cited for his appeal were not considered valid.

The group's sentiment was that those writing less than all parts of the Exam will not be granted an exception to the provision of having to meet our writing requirements; a candidate may always appeal.

We will accept all scores earned during a valid testing timeframe as designated by NASBA etc. (ie. when they are extended for some reason) [Motion: Pete; 2nd by Mike; carried].

OTHER MATTERS

Jim covered highlights of his notes from the ED Conference.

Nikki and Faye are authorized to act for the Board re. salaries, in the joint process [Motion: Rick; 2nd: Pete; carried].

NEXT MEETING: July 25 at 12 noon, at Brady Martz, Grand Forks

A plaque was presented to Rick Lee, whose 10 year board term is ending.

E.D. goals were passed out.

Jim suggested not eliminating the notary signing of applications; the requirement doesn't seem much of a burden.

EDUCATION ISSUES

We will specify the 8 accepted credentialing bodies, and use rubric only, for accepting classes in the concentration.

COMPLAINTS

2016-1 closed. The CPA did what he should have. We will notify the accountant in all cases of a formal complaint.

2014-4 closed. Various allegations were made, but no fraud appears to be involved, and there is insufficient evidence provided for Board action.

Jim briefed the group about several unwritten "complaint" matters that had come to the office's attention.

Staff left the meeting at approx. 3:15. The Board visited about staffing matters, adjourning at approx. 3:30.

Date

Secretary

North Dakota State Board of Accountancy
MEETING NOTES: July 25, 2016

The meeting began at 12:05.

Participants: Faye Miller, Nikki Schmaltz, Peter Hoistad, Mike Schmitz, Patrick Kautzman, Jim Abbott, Mandy Harlow

OFFICER SELECTION. Mike was selected as president [Motion: Pete; 2nd: Nikki; carried]. Pete was selected to continue as Secretary [Motion: Nikki; 2nd: Patrick; carried].

FINANCIAL. Nikki moved to change account signers to Mike and Pete; 2nd: Peter; carried. Jim will remove the \$3 April retirement balance. A travel expense accrual will be booked. Reserves are now at 60% of expenses (the target level). Jim will check on the variance in current & prior year fixed asset values. Check 15476 was not in the transaction register. We will start cutting off the signature area of voided checks. The financials were accepted [Motion: Pete; 2nd: Nikki; carried]. Pete provided a review of his oversight. Overmoe Nelson will conduct the audit [Motion: Pete; 2nd: Faye; carried].

APPLICATIONS. Reinstatement was approved for Gregory Saylor [Motion: Nikki; 2nd: Patrick; carried]. It was noticed that a licensee had been holding out; she has agreed to stop the related activity.

CPE REVIEW. CPE forms is each reviewed as they come in. Mandy does an audit of 10, plus 10 "other state" exemptions. Board members will receive 10 each, for their review, approximately October.

MINUTES (MAY 4). Approved [motion: Faye; 2nd: Nikki; carried].

RULES REVIEW. Jim reviewed the various rule changes agreed to, and those not yet settled. The group discussed the proposed change in the late fee due date. It was agreed that licenses would be made valid July 1 through July 31 (13 months), with the late fee due August 1; CPE period will still end June 30. Jim will revise the rules where needed.

Those short on CPE this year and last year, will be notified of no extension next year [Motion: Nikki; 2nd: Pete; carried].

EDUCATION. Unaccredited college credits are acceptable, if accepted for transfer credit by an accredited school.

RECIPROCITY. Jim had provided a draft response, which will be submitted [Motion: Nikki; 2nd: Pete; carried].

WEBSITE. We will continue as is, hiring assistance with the annual renewal form. There was some sentiment that we should not invest much in the design aspects of the site.

VACATION LEAVE. The Board was agreeable with providing a 5th week of vacation at 20 years of service. Excess at Dec. 31 will be lost, but subsequent accruals of vacation do not stop.

DISCIPLINE REPORTING. The group was agreeable with providing discipline information to the NASBA system, but limited to 7 years of history, and only true discipline action, not relinquishment for lack of payment, etc.

INSURANCE COVERAGE. There was some preference for obtaining a quote from a different vendor. We will check on the coverage provided in the Risk Fund, and whether we are required to participate. If we purchase D&O coverage, it should pay after other coverage is used up.

NEXT MEETING: Nov. 11, Fargo, at 11:30 am. Eide Bailly.

OTHER. A report had been received, regarding multiple Exam attempts.

COMPLAINTS. 2016-2. Mandy and Pete provided background information. There were no engagement letters. The accountant was working for both sides of the transaction. The CPA thought he would drop the collection effort. There has been no further action. Business practice was less than preferred; but nothing unethical was found. The accountant may not have disclosed the potential conflict. The matter will be closed [Motion: Nikki; 2nd: Patrick; carried; Pete abstaining].

2016-3. There was no objection to closing the matter. 2014-4. Jim shared notes that hadn't been included in earlier materials. 2016-4. There is legal action underway, and we will monitor the case, and await its results.

PERFORMANCE & COMP. Mandy left at about 3:07. E.D. compensation will remain at its current level. The group provided input on performance. An executive summary of complaints is preferred, and added attention to the financials; perhaps a board member could review them in advance. Jim represents us well, and is involved. He has done well with the rules review process, and is a good communicator. The group discussed a staffing matter, and talked about pre-retirement notice (2 years seemed fine). Jim will work on a transition issues list.

ADJOURNED: 3:53 pm.

Secretary

Date

North Dakota State Board of Accountancy

MEETING NOTES: 11-11-16

Participants: Nikki Schmaltz, Faye Miller, Peter Hoistad, Mike Schmitz, Patrick Kautzman, Mandy Harlow, Jim Abbott

FINANCIAL. We will record payroll sharing funds as a receivable, if not received by month-end. Jim will check on how travel expense for the Rules meeting were paid. The September financial statements were approved.

MINUTES from July 25 were approved (Motion: Pete; 2nd: Nikki; carried).

Jim will check with legal counsel about having circulated the financials and asking for questions to be addressed before the meeting. The related emails will be filed with the minutes, if necessary.

APPLICATIONS.

Reinstatement was approved for David Nathe, Syed Fawaad, Jude Anheluk, and Kevin Fries) [Motion: Pete; 2nd: Patrick; carried]. An applicant had taken various law classes that would not be accepted under the current "rubric" approach. In times past, when using the rubric or class title approach, we would have accepted such classes.

We will use the class rubric as the first criteria for accepting classes in the concentration; if the rubric is not accounting or tax, a class may still qualify based on its content. The candidate's credits were judged acceptable [Motion: Faye; 2nd: Nikki; carried; with Peter not voting]. Staff is authorized to make such decisions, but report to the Board at its next meeting.

RULE CHANGES

Mike reviewed various rule changes from the Rules Task Force. The group discussed expanding the CPE requirement to 120 credits for non-public accountants. Comments included the thought that we can also better educate licensees about what qualified as CPE. The rule changes were tabled for the time being [Motion: Pete; 2nd: Patrick; carried. Jim will do further work on rule wording. The preference is to expect 120 for all, but retain the option for nonpublic accountants to use "inactive" with their credential, and thereby exempting them from CPE.

Discussion about "nano" learning.

OTHER BUSINESS

No action will be taken re. purchasing board liability insurance [Motion: Faye; 2nd: Nikki; carried].

Jim will check on having equipment and fidelity bond coverage with the Society.

A multiple-testing report had been received, and was circulated.

The staffing agreement will be amended to correct the Society name, specify treatment of 1-board payments, use a 60 day notice of agreement changes or termination [Motion: Faye; 2nd: Pete; carried].

A few small changes were suggested to the draft audit.

Jim reported that most states would investigate a firm issue, before referring it to the home state.

Jim reported on a letter recommending emphasis on experience, and using limited-scope testing and licensure.

COMPLAINTS

2016-4. The Board had concern about not filing IRS reports, and the accountant will be invited to respond to the allegations. The letter will be signed by the president.

2016-5. After discussion, the Board agreed to revoke the CPA certificate [Motion: Nikki; 2nd: Patrick; carried].

2014-4. Mike will seek information from the Attorney General's Office about ongoing litigation.

UNWRITTEN 2016-a. We will contact the complainant and encourage him to share more information.

UNWRITTEN 2016-b. We will contact the firm, about including a disclaimer when offering “accounting” services [Motion: Patrick; 2nd Pete; carried.

An earlier unwritten case was mentioned, and a PCAOB complaint brought to the Florida Board’s attention.

NEXT MEETING: Jan. 26, 2017, at 1 pm; at the Bismarck & Fargo offices of Widmer Roel.

ADJOURNED: 3:52.

Secretary

Date