

North Dakota State Board of Accountancy  
MEETING NOTES: January 26, 2017

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The meeting began at 12:57.

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

#### CANDIDATE REQUESTS

Adam Simmonds was present; his request was to extend REG credit which expired 11/29/2016. We will send the questions mentioned by NASBA. The request was tabled, while waiting on newest exam score and documentation [Motion: Pete; 2<sup>nd</sup>: Patrick; carried].

Seth Serhienko was also present; he was requesting that a class without a business rubric be accepted. The request was accepted [Motion: Pete; 2<sup>nd</sup>: Faye; carried; with Mike Schmitz abstaining].

#### APPLICATIONS

Reinstatement was approved for Sherry Gorveatte [Motion: Pete; 2<sup>nd</sup>: Patrick; carried].

Mandy reported on staff's acceptance of Richard Brendlen's business classes as accounting credits.

#### CONSENT AGENDA

Jim will check on two items and a lost check. The consent agenda was approved [Motion: Patrick; 2<sup>nd</sup>: Pete; carried].

#### AUDIT REPORT

We will ask the auditor about fraud inquiries and control assessment. The audit was accepted [Motion: Pete; 2<sup>nd</sup>: Nikki; carried].

#### RULES REVIEW

Further editing of the proposed rules will occur: allowing some work in retired status, using a specific age for retired status and no fee; changing the ethics CPE to 8 hours per 3 years; using 2019 for transitioning to the 120 CPE level for non-public, and full transition by 2021; reinserting the once-per-window exam writing limit; changing firm late filing dates.

Jim will check that Patrick is on NASBA's mailing list, and also check into the NASBA CPE software.

#### OTHER BUSINESS

Staff reported on a multiple-attempts report. A revised staff agreement was approved [Motion: Faye; 2<sup>nd</sup>: Patrick; carried].

#### COMPLAINTS

2017-2. We are awaiting a response.

2016-4. We are awaiting a response; added response time has been provided.

2016-5. This case involves revocation, which will complete within a few days, with or without a signed agreement.

2016-7. The case will be closed. No engagement letters were used. Nikki left the meeting at 3:50.

2014-4. The CPA will be invited to attend the next Board meeting, for questions.

2016-8. We are awaiting a "sign-off" (re. use of "accounting")

2017-1. The initial case was not in our jurisdiction; a related "cpa" website was of concern, but has since been removed.

NEXT MEETING: May 8, 11:30 am, at Widmer Roel, Bismarck.

ADJOURNED: 4:04 pm.

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Secretary

Date



North Dakota State Board of Accountancy  
MEETING NOTES: March 30, 2017

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The meeting began at 11:02.

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

MINUTES. The January 26, 2017 minutes were approved (Motion: Faye; 2nd: Nikki; carried).

COMPLAINTS

Case 2016-8 will be closed; the party has signed an agreement about advertising.

Case 2016-4 (Barbara Bohan). The Board agreed to issue a letter of reprimand, assess a \$200 fine, and publish the CPA's name within the board minutes (Motion: Pete; 2nd: Faye; carried).

Case 2017-3 will be closed (Motion: Pete; 2nd: Patrick; carried).

Case 2017-2 will be closed; the party has signed an agreement regarding advertising matter.

2017-4 will be closed (Motion: Pete; 2nd: Faye; carried).

Re. Case 2014-4, the accountant will attend the May meeting.

The group was informed of an attorney letter re. the soliciting of an accountant's former employer clients.

OTHER BUSINESS

EXAM SCORE DELAY. The Board will look at credit extension on a case by case basis; candidates will be given a window of time to request consideration (Motion: Faye; 2nd: Pete; carried).

SPECIAL REQUEST. A request by Nadine Mansour, for credit extension, was denied (Motion: Pete; 2nd: Faye; carried).

JOINT MEETING. Mike Schmitz and Faye Miller will represent the Board, at the annual session with the CPA Society.

OTHER ITEMS

We will wait additional time for responses to our audit inquiries.

When a Board member is enlisted for complaint assistance, the President will be consulted.

There was no objection to addressing "nano learning" in May; Jim will raise the issues of 8 vs. 6 ethics CPE hours, and the effective date of the 120 hour CPE change.

ADJOURN: 12:22 PM

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Secretary

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Date

North Dakota State Board of Accountancy  
MEETING NOTES: May 8, 2017

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The meeting began at 11:29.

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

MINUTES (3-20-17). Approved [Motion: Faye; 2<sup>nd</sup>: Nikki; carried]. Jim will check the status of 2016-4 discipline.

FINANCIAL MATTERS.

The 3/31/17 financial statements were approved with the understanding that payroll tax liability needs to be checked [Motion: Nikki; 2<sup>nd</sup>: Patrick; carried]. Pete reported that he had suggested moving credit card receipt funds into 2 CDs.

Jim announced his plans to retire in late 2018. NASBA will consult about how they see potential conflicts with the current shared resources approach of the Board and Society. Seeking AICPA input was also mentioned.

2014-4. The subject licensee met with the group from approx. 1 to 2 pm, sharing background and responding to questions from the group, then left the meeting. The group agreed to close the case, with no other action [Motion: Patrick; 2<sup>nd</sup>: Pete ; carried].

BUDGET. The budget was approved with changes {reducing reciprocal income \$2K; increasing staff services income \$3K, board expense \$2K, benefits \$6K, and consultants \$5K}; [Motion: Pete; 2<sup>nd</sup>: Nikki; carried].

A motion was made & withdrawn, to give 2 members the option to discuss future issues in the joint meeting and to agree on compensation.

AUDIT ISSUES. Pete will discuss concerns with the Auditor recognizing a material weakness related to staff preparation of financials, and fraud inquiries to the board.

CONSUMER CONCERNS

2017-5 [Ken Bulie]. The licensee will be required to complete 8 hours of ethics CPE, by 12/31/17, with the matter published [Motion: Pete; 2<sup>nd</sup>: Patrick; carried]. An earlier motion to also require a \$200 fine was made by Faye, but died for lack of a second.

Jim reported on the pursuit of PTIN registrants claiming CPA status, but not licensed here.

OTHER ITEMS

Pete reported on his review of the application process. Approved on motion by Faye; 2<sup>nd</sup>: Nikki; carried. A special request for extension of credit was denied [Motion: Pete; Faye; carried].

NEXT MEETING: July 19, in Fargo, at 11:30 am, at the office of Widmer Roel.

Staff left the session, and the group discussed staff compensation, agreeing to go with the ED's judgment, with adjustments in the range of 3.5 to 5% based on his recommendations. ED performance and succession was also discussed, and both areas will be discussed during the annual review.

ADJOURN: 4:15.

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Secretary

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Date

North Dakota State Board of Accountancy  
MEETING NOTES: June 21, 2017 [by phone]

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The meeting began at 1:03 pm.

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

#### PEER REVIEW CHANGES

The group agreed to send a response to the proposed changes [Motion: Pete; 2<sup>nd</sup>: Faye; carried]. There was discussion about the draft letter's focus re. the staff-CPA requirement. Since this is from the Board, it should reflect a regulatory view, and talk in terms of possible impact of the requirement - AE consolidation and decreased timeliness and depth than the current program. Mike was authorized to submit a revised letter reflecting the group discussion [Motion: Pete; 2<sup>nd</sup>: Patrick; carried].

#### UAA TITLES LANGUAGE

Mike was authorized to send the draft letter, with revisions, opposing changes in the UAA title language [Motion: Pete; 2<sup>nd</sup>: Nikki; carried].

#### FUTURE STAFFING

Faye and Mike met with Dan Dustin and Ken Bishop during the NASBA Regional, and obtained some feedback.

Dan Dustin will be at the July 19 meeting, plus another staff member talking about available resources. Jim will send a pro forma to the group.

#### LEGISLATIVE STUDY

Questions were raised about the study bill about state boards (from the Legislative session) -- its impact on us and our staffing decisions. One point made was that the more associated the board is with a lobbying / profession support association, the more at risk we would be. It is acceptable for the Board to reimburse and attendee for an upcoming regulatory conference.

ADJOURNED: 2:03, following motion by Nikki; 2<sup>nd</sup> by Pete.

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Secretary

Date

North Dakota State Board of Accountancy  
MEETING NOTES: July 19, 2017, 11:30am

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PRESENT: Mike Schmitz, Faye Miller, Laura Adair, Pete Hoistad, Patrick Kautzman, Mandy Harlow, & Jim Abbott.

Other participants: Dan Dustin and Pat Hartman of NASBA, Steve Britsch (NDCPAS).

NASBA UPDATE (11:13): Dan and Pat shared a services, activities and regulation update. Regular business followed.

MINUTES (May 8 & June 21): Approved, with the addition of a licensee name in the May 8 complaint section [Motion: Pete; 2<sup>nd</sup>: Patrick; carried].

OFFICER SELECTION. Mike will remain as president [Motion: Pete; 2<sup>nd</sup>: Patrick seconded; carried]. Pete will remain as Secretary [Motion: Patrick; 2<sup>nd</sup>: Laura; carried].

#### FINANCIAL

The June 30<sup>th</sup> financial statements were accepted [Motion: Pete; 2<sup>nd</sup>: Patrick; carried]. Pete reported on his more extensive oversight work conducted this time. He had visited with last year's auditor about Board concerns. The Overmoe Nelson firm will be contacted about conducting the 6-30-17 audit [Motion: Pete; 2<sup>nd</sup>: Faye; carried].

#### RULE CHANGES

Steve Britsch shared comments for the CPA Society on the idea of requiring equal levels of CPE for non-public and public CPAs. He also mentioned the Board's decision to have a separate ED, but being open to share other resources. Jim went through various highlighted areas in the rule change draft. Items to be changed:

- removing the office address and CGMA language
- add abbreviations and acronyms in 3-1-2-2
- rewording in 3-1-3-2
- changing the fee ceiling for reapplication, to \$100
- rewording in 3-2-2-1, paragraph 2
- rewording in 3-2-2-4, about a July 1-31 conditional July licensure for those filing and paying by July 31
- changing various references to hours, to "credit hours"
- changing the ethics CPE requirement to 6 hours
- in 3-3-1-1, revise wording so that the 20 hour minimum is required in the year July 1, 2021 to June 30, 2022
- revisions may be needed in 3-3-1-3, to agree with the 120 CPE dates
- deleting 3-3-2-5
- revising 3-3-1-2, regarding how CPE is measured

The group will meet by phone in August, to approve the rule change proposals for exposure / adoption.

#### CONSUMER CONCERNS

2017-5. Jim notified the group that the accountant had agreed to the measures proposed by the Board. 2017-6 and 2017-7. There was no objection to closing these two files.

Two other items were mentioned, with no additional action initiated - one matter was passed on to the Texas Board, the other related to unwanted email possibly related to multiple names being visible in an email.

#### FUTURE PLANNING

The group discussed aspects of future office operations. Staff will prepare details about the various tasks involved in the operation of the Board.

NEXT MEETING: October 18<sup>th</sup>, 11:15 at the Bismarck Widmer Roel office.

ADJOURNED: at approx. 4:20 pm

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Secretary

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Date

PRESENT: Mike Schmitz, Faye Miller, Laura Adair, Pete Hoistad, Patrick Kautzman, Mandy Harlow, & Jim Abbott.

STARTED: 9:32 am

#### RULE CHANGES

Various final edits were agreed:

Page 2. Keep number 6; only remove address

Page 4. Remove "if warranted"

Page 9. Add "audit" to the listed qualifying experience areas

Page 10. Effective Date. Remove first 2 lines; start sentence with "one hundred twenty".

Page 12. Board may seek guidance. The section will be kept, but refer generally to organizations and individuals.

There was discussion re. inclusion of dates and reducing CPE retention time, but changes were not made.

Pete moved to have the ED begin the rule exposure process, including the changes made today;  
Seconded by Faye; carried unanimous. Jim reviewed the rule exposure / adoption process.

#### COMPLAINT

2017-8. Jim briefed the group on the situation; the subject was not a CPA. There was no objection to closing the matter.

Brief discussion about the staffing analysis that had been provided.

ADJOURNED: 10:32

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Secretary

Date



## N.D. STATE BOARD OF ACCOUNTANCY

Meeting Notes: 10-18-17; 11:15am

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PRESENT: Pete Hoistad, Mike Schmitz, Faye Miller, Patrick Kautzman, Laura Adair, Jim Abbott, Mandy Harlow. Tashana Roberts was present for the first item of business.

SPECIAL REQUEST. Roberts wished to have a refund of 2 exam fees, and explained her situation. The Board approved return of all fees NASBA can refund [Motion: Pete; 2<sup>nd</sup>: Laura; carried by unanimous roll call vote].

MINUTES (7/19/17 AND 8/22/17). Approved [Motion: Patrick; 2<sup>nd</sup>: Pete; carried via unanimous roll call vote].

FINANCIALS (8/31/17). After questions, the financials were approved [Motion: Pete; 2<sup>nd</sup>: Patrick; carried on unanimous roll call vote]. The \$43 PERS payable will be taken care of. Mike requested the September statements be sent. The Bank of ND will be contacted about an address change for Pete.

### RULE CHANGES.

Mike recapped the Bismarck hearing. The NDCPAS requested a formal response to their letter presented at the hearing. All the submitted oral and written comments were separately addressed, with various comments shared; the related notes will be shared with Mike, prior to being sent onward.

A motion was made to adopt the proposed rules, provided they are approved by the AG [Motion: Pete; 2<sup>nd</sup>: Faye; carried by unanimous roll vote]. It was suggested to check how many nonpublic CPAs have 120 CPE credits.

### REINSTATEMENTS / SPECIAL APPLICATION ISSUES

Reinstatement was approved for Shelly Kegley, Kelly Fritel, and Mohamed Abdelbarry [Motion: Faye; 2<sup>nd</sup>: Pete; carried by unanimous roll vote]. Credit extensions were denied for Rebecca Lucke and Casey Pederson [Motion: Pete; 2<sup>nd</sup>: Faye; carried by unanimous roll vote].

### COMPLAINTS

2017-9 involved non-licensees. Such matters will not be brought to the Board in the future, unless it were to involve improper use of terms. 2017-10 will be monitored (involves an indictment).

Various PTIN-related cases had been explored. Jim suggested not pursuing this avenue in the future. A better approach was considered to be checking the non-public CPAs with a PTIN who may be providing tax services without adequate CPE.

An analysis of the PTIN list against nonpublic accountants will be conducted.

2017-4 had been closed earlier, but additional accusation had been received from the complainant. However he did not provide any documentation or further contact. It will be left closed.

Another matter involves a sole practitioner with a serious health issue. We will notify the firm of the matter, but not take further action, check on how they're keeping up with the workload, and clarify that returns should not be signed as the CPA firm.

FUTURE PLANNING

The group discussed the question of whether to continue sharing resources with the Society. It was decided the Board will seek a separate location, and inform the Society that we prefer to fully separate operations [Motion: Pete; 2<sup>nd</sup>: Faye; carried by unanimous roll vote]. The sentiment of the group was to have 2 full time staffers.

There has been an offer to buy our office furniture; the Board supported the sale.

Jim will work with Mike developing the 2 job descriptions, and announcement, and a calendar.

These will be discussed in December. June 30 was suggested as a good date for separating most of the payroll, other than Jim.

NEXT MEETING: Dec 8, 10 am, at Eide Bailly, Fargo.

ADJOURNED at 3:10 [Motion: Pete; 2<sup>nd</sup>: Patrick].

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Secretary

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Date

ND STATE BOARD OF ACCOUNTANCY  
MEETING NOTES: 12-8-17. 10 am

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PRESENT: Pete Hoistad, Mike Schmitz, Faye Miller, Patrick Kautzman, Laura Adair, Jim Abbott, Mandy Harlow.

MINUTES (10/18/17): Approved [Motion: Pete; 2<sup>nd</sup>: Faye; carried].

FINANCIALS (10/31/17): Accepted [Motion: Patrick; 2<sup>nd</sup>: Laura; carried]. Mike commented on assisting the auditor with a footnote and a “subsequent event disclosure (re. separation of the offices).

#### RULE CHANGES

The proposed rules are with the AG’s Office. Various CPA comments were shared. Information had been prepared for the future Rules Committee meeting; non-public CPE details will be added. A list of the various rule change notices will be sent to the group. Suggested: adding the publication cost to the Rule Committee meeting notes; including a bright notice with the renewal notice about the future CPE changes.

#### FUTURE PLANNING

- a. Job descriptions. Mike had circulated information to the group. Second review and database familiarity will be added. Rewording will be done: item 12 (using “Manage ...”); “reporting to the 5-member Board”; item 12 moved to the 2<sup>nd</sup> position; “participation” added to item 1.
- b. Location search. Jim updated the group, and shared selection criteria. Pete will assist in the process. The target is to review finalist options in February, with a July 1 relocation.
- c. Allocating equipment. Staff will handle the division. An estimate will be obtained for scanning the CPA files. We will also ask Vaaler Insurance about the level of incentive involved in an early move. The database will be split with other-company information being purged from each copy of the database. Jim encouraged a Sept. 30<sup>th</sup> payroll split, rather than June 30; he will contact PERS about the staff impact of different split dates.

REINSTATEMENT was approved for Longjua Shen and Mabel Imala [Motion: Patrick; 2<sup>nd</sup>: Pete; carried]

2018 MEETINGS were set: 2/15 Bismarck, 4/19 (Fargo), 7/24 (Bismarck), 10/18 (Fargo), 12/4 (Bismarck).

#### COMPLAINTS

2017-12. Jim reported on follow-up; the case was closed [Motion: Laura; 2<sup>nd</sup>: Patrick; carried unanimous].

2017-10. The matter is being addressed in court early next year.

2016-4. Jim updated the group about recent correspondence.

2017-13. There was some discomfort with anonymous complaints, and Jim will draft related policy. One of the CPA responses hasn’t been received yet. Mike will make an inquiry of the DFI.

2017-4. Jim will draft a letter for review by Pete, indicating we feel the CPA stepped overstepped the ethics code, and corresponded in an unacceptable manner; 4 hours of ethics CPE will be proposed; legal counsel will be copied [Motion: Patrick; 2<sup>nd</sup>: Faye; carried unanimous].

FUTURE PLANNING - continued

Jim and Mandy left the meeting. The Board discussed salary ranges for the 2 positions, which will be posted with the job announcement. The board determined that the ED position would be posted not before May 31, 2018 with first round interviews to be followed by a second round of interviews, selection of a candidate and back ground checks, with the goal of extending an offer by about July 31, 2018, with a start date between 9/1/18 and 10/1/18. The Board would like Jim to accompany the new ED to the annual NASBA meeting. The selection committee will be the full board. Laura will draft the job posting announcement for review at the next board meeting.

ADJOURNED: 3: 16 pm.

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Secretary

Date