

The meeting began at 9:08 am. In attendance were: Harris Widmer, Roene Hulsing, Carol Mielke, Joe Tate, Harold Wilde, Jim Abbott, Dick Brammell, Larry Kryzsko, Carol and Cliff Dobitz.

PRESENTATION: Harris presented a plaque to Carol Dobitz. Cliff and Carol Dobitz left the meeting.

10/8/01 MINUTES: Approved on motion by Harold, second by Roene; carried unanimous.

11/30/01 FINANCIAL REPORT: Accepted on motion by Harold, seconded by Carol; carried unanimous. Jim will send a record of disbursements.

PRP: Dick Brammell presented a report on the year's program. He and Harold gave an overview of the profession's review programs. Jim & Harold will issue a letter to the PRP firms, including details about the various review programs; (a copy is to be sent to the Board also). Harold will prepare an article about the new SSARS 8; we will send a copy to PA association. Jim will send the comments from the 1998 program to Dick, for comparison to this year's findings; Dick was asked to notify the Board of the results. Harold will prepare comments for the Legislative Council Rule Committee about the merits of requiring peer review of firms which perform reviews, and the approximate cost. Dick left the meeting.

APPLICATIONS: Harold moved inactive status for Dwain A. Pederson; second by Joe; carried unanimous. Grade transfer was approved for Raymond Kevin Cross, Williams R. Sailors, Daryl Glenn Schmidt, Katerina Sorokina, Kevin C. Stemp (not Michael J. O'Toole due to piecemeal writing) on motion by Harold, second by Carol; carried unanimous. Reciprocity was approved for Otto Frank Gaus, Roddy P. Heng (pending positive resolution on one application item), Tealen Hansen, Lisa L. Filkowski, Jeffery T. Clarke, Troy J. Burner, Jerry W. Wangsness, on motion by Carol, seconded by Joe, and carried unanimous.

GRADES / CERTIFICATE ISSUANCE: Harold moved approval of Nov. 2001 grades and certificate issuance, pending review of the grade processing process; seconded by Carol, and carried unanimous.

TESTING FACILITY: Discussion. We will not pursue the development of a Board-owned facility.

ANNOUNCEMENTS: Harris will attend the Exam conference; he encouraged attendance at CPE conference.

CORRESPONDENCE: Harold moved to send a letter to Wallace Rygh, requiring that the next peer review be performed onsite, due to past delays; seconded by Carol; carried unanimous.

PROCTORING RESTRICTIONS: Discussion; no action taken.

EXAM CONTRACT: Jim shared comments received from legal counsel.

NEXT MEETING: March 28 at 9 am, at 317 S. University Dr., Fargo.

REINSTATEMENT: Harold moved to reinstate Wayne Jorve, as of January 2002, pending adequate CPE; second by Roene; carried unanimous.

Jim mentioned an email from Jim Flemming indicating the Board had been excluded from SF 2115.

Larry Kryzsko left the meeting. Roene moved to enter executive session; seconded by Joe.

*COMPLAINTS: 2001-8: The Board wants "CPA" removed from a title on the website services page; we will close this case. 2001-7: Harold moved to close; [one remaining issue is completion of CPE]; second by Joe; carried unanimous. 2001-6: Harold moved to dismiss the case; second by Carol; carried unanimous.*

The executive session was closed, on motion by Carol; second by Joe; carried unanimous.

The executive session actions were ratified, on motion by Roene, second by Harold; carried unanimous.

The meeting adjourned at 12:40, on motion by Joe; second by Harold.

North Dakota State Board of Accountancy  
**Meeting Minutes: March 28, 2002**

The meeting began at 9:04 am. In attendance were: Harris Widmer, Roene Hulsing, Carol Mielke, Joe Tate, Harold Wilde, Jim Abbott, and Dick Brammell.

**POSITIVE REVIEW PROGRAM:** Dick Brammell passed out a report. Joe moved that we write to those licensees who have not yet responded to our findings letter, requiring a response, or their license will not be renewed in July; second by Harold; carried unanimous. Dick will prepare these letters. Harold moved that those PRP firms with repeat findings, will be required to submit reports the following year; second by Roene; carried unanimous. We will keep such firms in the same reporting year. Harold moved to deny Gerald Lucke's request for waiver of our recommended CPE; second by Carol; carried unanimous. Jim will prepare the related letter.

We will ask the Peer Review Committees to submit the revised report letters, and share the Board's sentiment that repeat findings need to be reviewed carefully, and could result in an accelerated peer review. Dick will draft these letters, to be sent by the office. There was mention of sending letters to the PR firms who've submitted clean reviews. We will flag the 6 PRP firms who've not yet acknowledged our findings, so their license is not renewed until they respond. Dick left the meeting.

12/13/01 MINUTES: Harold moved approval; second by Carol; carried unanimous.

**FINANCIAL REPORT (Feb. 28, 2002):** Roene moved approval of disbursements 8945-9124 and 9125-9524; second by Harold; carried unanimous. Harold moved acceptance of the financial report; second by Joe; carried unanimous.

**APPLICATIONS:**

Jim will check with the MN Board E.D. re. why they do not accept our ethics test for reciprocal applicants.

A MN candidate, who hadn't completed all requirements for their certificate, we will have him obtain a reciprocal, vs. simply issue the original certificate.

The Board's position is that a person cannot earn more than a year of experience within a 12 month period -- regardless of the amount of overtime involved.

Harold moved approval of grade transfer for Kelly Flanders and Carsten Schweer, reciprocal certification for Carol Joan Sabol, James R. Smrcka, Timothy D. Beardsley, Cheryl A. Kenitzer, Eric R. Mettler, Paul D. Romano, and Keith L. Stoneburner, and all exam applicants (except Myrna Susan Lazuardi, due to a shortage of experience). Second by Joe; carried unanimous.

**BUDGET: FIRST REVIEW**

Carol and Harold will serve on joint compensation committee. No changes were made in the budget.

**NASBA NOMINATIONS:** Roene moved to endorse Harold for the NASBA Nominations Committee; second by Carol; carried unanimous. Break.

**EXAM FACILITY:** Jim will contact a vendor such as Corporate Technologies, regarding assisting us with such a venture; and keep the Board apprised.

**90% SIMILARITY:** Harold moved that we will evaluate and act on 90% similarities reports, and report our findings to the AICPA Exam Team; seconded by Roene; carried unanimous.

**NDSPA LAW CHANGES:** Jim shared his understanding that if the Board is negative, positive or officially neutral on a legislative issue, staff could do nothing to the contrary. They could prepare research, etc., but should not advocate a contrary position. If the board has no definitive position on a bill, and there is no apparent conflict, staff could advocate the Society's position. The Board has no definitive position on the 2

proposals of the PA group (allowing use of "safe harbor language" and the term "accountant" by those passing the ACAT Exam), but does have concerns about them, and wants to see continued discussion among the groups. There is support for considering allowing use of the term "paraprofessional", and some other form of report language, and the Board would want such a group to be regulated. Since the Board has no definitive position on these issues, the staff is not restricted in related activities. Jim will obtain information about Minnesota's new credential, and information about Florida's assembly reports, and provide this information to the Board.

WEBSITE QUESTION: Harold moved to allow the joint arrangements with the Society and Board database, and make the same opportunity available to the PA group; second by Roene; carried. Joe was asked to convey the offer to the PA group.

#### OTHER BUSINESS:

Jim mentioned various other items being available for review.

Carol will be present at the May 8 exam, Harold at the May 9 exam.

A request for waiver of the minimum score provisions was denied, but the person could apply for substantial equivalence reciprocity.

Raymond Kevin Cross had recently been granted grade transfer, and his application had indicated a felony conviction several years earlier. Further information had been obtained from the Vermont Board about the felony. Harold moved to revoke the certificate, based on false statements supplied to our Board; seconded by Joe; carried unanimous. This action will be published. We will ask for return of the certificate, and if necessary take legal action to obtain it.

NEXT MEETING: Friday, July 12, at 9 am, in Bismarck.

#### COMPLAINTS:

Harold motion to enter executive session.

2002-1. We will write to the accountant, indicating our difficulty reconciling his retired status with the activity cited in the complaint (retired status is for those not employed in any capacity); informing him of the provisions of retired status, and that the case is closed. We will also copy the complainant. A copy of the letter will be sent to Harris before sending.

2002-3. We will correspond with the complainant, reminding him of his earlier signed acknowledgment, and indicating that , use of "accountants" is unacceptable;

2002-4. This is a somewhat grey matter, but we will pursue it, and have legal counsel draft a letter.

There is also another matter pending.

Harold moved to close 2001-9, and 2002-2 (based on the fact that the complainant withdrew the complaint); second by Roene; carried unanimous.

Harold moved to exit executive session.

Adjourned at 12:34.

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Secretary-Treasurer

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Date

North Dakota State Board of Accountancy

## **Meeting Minutes: July 29, 2002**

The meeting began at 9:06 am; adjourned at 12:29, following a motion by Joe, 2nd: Harold.

ATTENDANCE: Harold Wilde, Roene Hulsing, Carol Mielke, Joe Tate, Carol Dobitz, Jim Abbott.

### **ELECTIONS:**

Roene was elected president, on motion by Joe, 2nd: Carol M.; carried. Joe moved election of Harold for secretary-treasurer; 2nd: Carol D.; carried.

### **MINUTES (March 28, 2002):**

Approved on motion by Harold; second by Joe; carried unanimous.

### **MISC. MATTERS:**

Carol was welcomed back to the board.

Jim will check on office signage, to ensure the board is also listed.

There was sentiment against releasing complaint information when no fault is found.

Jim will set up ProMetric visits for the Board members.

The exam and 1/2 hour CPE rule changes will be held for the time being.

CPE issues will be brought to the next meeting.

Jim will check with legal counsel about keeping the law reference to a 75 passing grade.

Re. peer review survey: board members may respond individually if they wish.

Harold moved acceptance of the amended employee policy manual; 2nd: Carol D.; carried unanimous.

### **FINANCIAL MATTERS:**

Harold moved approval of disbursements (checks 9255 - 9483); 2nd: Carol M.; carried unanimous.

The June 30 audit report was passed out. Jim will send to the Board detail for the uninsured \$49K, and check about deposit insurance coverage.

Harold moved that every 5 years there be a formal review by staff of the payroll sharing arrangements, beginning July 1, 2002; 2nd: Carol D. Carried unanimous. Jim will arrange a joint meeting with Society representatives to address this issue.

There was discussion re. strategic planning, to help specify Jim's goals, but some considered it unnecessary.

The idea was raised of each board member having a specific portfolio of responsibility.

Carol D. moved approval to sign the staffing agreement; 2nd: Harold; carried unanimous.

Carol M., moved approval of the amended budget; 2nd: Joe; carried unanimous.

Joe moved that the board not charge for mailing lists and directories; 2nd: Harold; the motion received 2 votes in favor, 2 opposed, 1 abstain. Jim will prepare for the next meeting: volume of requests, estimate of costs. The question was raised of whether we needed to limit our fees when the lists are used for sales purposes.

Carol D. moved to allow credit card payments; 2nd: Harold; carried unanimous.

GRADES: Harold moved acceptance of the May 2002 exam grades, and awarding of certificates; 2nd: Carol D.; carried unanimous. Jim will add all board members to the grade mailing list.

### **APPLICATIONS:**

Harold moved approval of the reciprocal, grade transfer and retired status applications; 2nd: Carol D.; carried unanimous. GRADE TRANSFER: Laura G. Adair, Nayem Hassan Baig, Michael D. Fowlkes, Yin H. Kuo.

RECIPROCAL: Frank B. Arford, Michael D. Falkner, Scott D. Cramer, Shannon L. Ferring, Dean T. Kautzman, Thomas W. Pillion, Karla A. Stone.

RETIRED STATUS: Melroy C. Clark, Deborah K. Esson, Valerie A. Whetter, James A. Seidlinger, Debra A. Pommier, Paul Gunville, Duane M. Derrigk Thomas Sweeney, Leo L. LaMotte, Lowell L. Ellingson, Harold J. Aldinger, Kenneth A. McDonald, Gary D. Johnson, Herbert M. Lilleberg, Bruce A. Foss.

**ETHICS MATTERS:**

We will not issue a comment on the June 17, 2002 ethics exposure draft.

The Society had written re. an ongoing ethics CPE requirement; this will be held, with other rule changes Minnesota requires their own ethics exam for reciprocal applicants; it is based on MN rules and law.

Harold moved that we not accept an ethics exam other than the AICPA's or an equivalent, effective August 1; 2nd: Carol D.; carried unanimous. We will notify the MNSBA of this policy.

We will require that the ethics exam be complete before an application comes to the board for approval.

The idea arose of including some testing on ND law; this will be held for the next meeting.

**COMPLAINTS:**

There was no objection to closing cases 2002-6, 4, and 3. Jim will check flag the latter two for a future check of the phone directory, to check for compliance.

Re. case 2002-5, we will ask whether the other state board would share information with us, if we received the permission of the complaintee.

The Board had earlier agreed to revoke the certificate of Ray Cross; Harold moved to ratify allowing him to relinquish the certificate instead of revocation; 2nd: Joe seconded; carried unanimous.

**NEXT MEETING:** Thursday Oct. 3, 9 am, in Fargo.

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Secretary-Treasurer

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Date

North Dakota State Board of Accountancy

**Meeting Minutes: Oct. 3, 2002**

The meeting began at 9:12 am. In attendance were: Roene Hulsing, Carol Dobitz, Harold Wilde, Betsy Batstone-Cunningham, Jim Abbott, plus Carol Mielke (by phone).

MINUTES (7/29/02): approved on motion of Wilde, seconded by Dobitz, carried unanimous.

FINANCIAL REPORT (8/31/02): approved on motion by Dobitz; including payments 9484 through 9584; second by Wilde; carried unanimous.

PROCEDURES REVIEW: Betsy handed out a procedures list, plus application checklists. We will flag the unusual cases in a way that the Board knows the reason it is unusual. The office will bring only the questionable experience applications from now on, starting with today's files. We will notify all rejected candidates of their right to to appeal.

Mielke "left" the meeting during the application review. Mielke rejoined the group. Dobitz moved to approve all exam applications, grade transfer for Everton A. Trotman, Hemant N. Pradhan and Heidi Berogan; retired status for David R. Anderson; and special accomodations (use of a computer) for Phillip C. Clouse. Seconded by Wilde. Carried unanimous.

Wilde suggested a rule change to specify that the accounting concentration requirement be changed to 24 upper division credits. Brief break.

Discussion re. other procedures -- score release, investments, officer selection. The sentiment of the group was to leave the officer selection procedural system open.

**EXAM ISSUES:**

RE. 75% PASS RATE: We have two options: remove the reference from law, or leave it as is. There was sentiment against opening the law to make this change, if we're confident that the 75% formula will continue to be valid. But if we opened the law, we could also edit the section allowing the Board to permit writing the exam if the applicant will complete their education within 6 months; Abbott raised some hesitance to making this change. We will address the issue in December, or earlier if necessary.

ETHICS COURSE: Wilde moved that we adopt the AICPA ethics software course as our ethics exam requirement, for new exam candidates from the Nov. 2002 exam onward; seconded by Dobitz; carried unanimous. We can continue to use the same (NDSCPA) distribution system. Existing reciprocal applicants can use the paper version.

OATH: Wilde moved to require that all new CPAs be required to sign and return the oath; seconded by Dobitz; carried unanimous. The group discussed having an ongong affirmation of intent to adhere to the ethics code, law provisions; this issue will be brought to the next meeting. Jim will send the oath to the board members.

EXAM OVERSIGHT: Dobitz will attend the Exam on Nov. 6; Wilde on Nov. 7th.

HOME ADDRESSES: Dobitz moved that we will not provide licensee home addresses to the public, except in the case of agreed uses with Board approval. Since the Board and Society share a database, the Board prohibits the Society from selling licensee listings. Second by Wilde; carried unanimous. We will investigate using multiple databases, to separate out exam information etc. Dobitz moved that we will not provide candidate home addresses to the public, except in the case of agreed uses with Board approval. Seconded by Wilde; carried unanimous. We will not charge for those licensee mailing list when they are provided.

BOARD PORTFOLIOS: Wilde moved to table this issue; second by Dobitz. carried unanimous.

CPE STANDARDS: There was sentiment for providing credit for authoring articles, but also some against; this will be left as is.

ETHICS CODE: We will not act now on the idea of referring to the AICPA ethics code, rather than having our own code in rule (with Board authority to make exceptions). Wilde will review the ethics codes of AICPA, ND, GAO and SEC. Abbott will send Wilde the ND ethics rules.

NEXT MEETING: Dec. 9, 2002, at noon, in Bismarck.

PA PROPOSALS: The CPA group recently offered concessions to address the PA group concerns, but these were not considered acceptable. The PA group would like to allow passers of the ACAT exam to be able to issue financial statements, with SSARS language. Comments included the suggestion that SSARS language be mandated, along with CPE, peer review, and that we need to know the ACAT writing requirements, and address the fact of using an exam we are not familiar with. Abbott will prepare a draft letter for Hulsing, to the PA and CPA groups calling for a meeting to discuss the issues. The Florida assembled statements issue was deferred. Break. Meeting resumed around 12:45.

TEST CENTER VISITS: The group discussed our experience with the Bismarck and Fargo testing centers. The experience was positive, although there is interest in having a Grand Forks site. There was some question about Fargo's using students as site proctors. Abbott will contact ProMetric about adding a Grand Forks site. It appears that we need not create our own test site.

VOTING DELEGATE: Wilde moved that the President will be our standing voting delegate at NASBA meetings; with the alternate being the Secretary-Treasurer; second by Dobitz; carried unanimous.

Mary Jo Richard (a CPA Society Board member) joined the group at about 1:20 pm.

SARBANES LEGISLATION: The sense of the group was that state regulators are charged with considering the application of the new national board's yet-to-be-created standards to smaller firms (vs. the provisions of the Sarbanes bill itself). The group discussed the legislation. We will monitor developments. Mielke left the meeting at 1:35 pm.

Abbott mentioned that two additional items are available for review -- a draft state exam contract, and national database requirements.

COMPLAINTS: Jim will request legal counsel input re. the retention period for our complaint files. He will bring to the Board the current retention schedule. Legal counsel had indicated that a law change would be needed to make "no fault" complaint files confidential, and it may be difficult to get this through the Legislature. We will bring this issue forward in a year.

Richard left the meeting. Complaint 2002-5 was addressed. Complaint 2002-7 was addressed; we need verification of the claims in order to proceed. Three unwritten complaints were mentioned.

Dobitz passed out a MN Supreme Court document denying multi-disciplinary legal practices.

The meeting adjourned at 2:43, on motion by Wilde, second by Dobitz.

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Secretary-Treasurer

North Dakota State Board of Accountancy

**Meeting Minutes: Nov. 4, 2002**

The conference call meeting began at 3 pm. In attendance were: Roene Hulsing, Carol Mielke, Carol Dobitz, Harold Wilde, Joe Tate, Tom Ribb, Jim Abbott.

MINUTES (10/3/02): approved on motion by Harold W., second by Joe T., carried unanimous.

**LAW CHANGES (RE. 75% SCORE):**

Harold moved to table this issue; seconded by Carol M.; carried unanimous.

**SARBANES-OXLEY HEARINGS:**

Jim will send Harold's prepared handout to Board members not in Grand Forks. Harold recommended no action at this time. Mention was made of holding hearings around the state, after the tax season, to ask about possible changes, and potential impact of changes. We will plan to attend the spring chapter tour to gather input, and Harold will prepare a newsletter article.

**NDSPA LAW CHANGE PROPOSALS:**

Comments included: wanting to know why another group is needed, what might be expected of the Board, and wanting to see the proposed test. There was sentiment that the 2 groups should come to a meeting of minds, rather than the Board weighing in on whether to create a new credential. Perhaps the Board could provide some general parameters for any new system. The group agreed to not take action. The Board has no position on these issues -- neither pro, con, or neutral.

Tom left the meeting just prior to the Board addressing complaints.

**COMPLAINTS:**

2002-5 Roene has reviewed materials about the case, and gave a briefing. Harold moved to investigate the matter, rather than await MN Board action; seconded by Carol D.; carried unanimous. There was no objection to Roene and Jim selecting and retaining an investigation party.

2002-8 Harold moved to defer action, and refer the complainant to legal channels; second by Joe T. Carried unanimous. Jim will issue correspondence.

Jim gave an update on case 2002-7.

Adjourned at 4:10 on motion by Carol D., seconded by Harold.

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Secretary-Treasurer



North Dakota State Board of Accountancy

**Meeting Notes: Dec. 9, 2002**

The meeting began at 1:11, with the following in attendance: Harold Wilde, Roene Hulsing, Joe Tate, Carol Dobitz, Carol Mielke, Jim Abbott, Jerry Spaedy, Larry Kryzsko, Jean Klein, Tom Ribb.

MINUTES (Nov. 4, 2002):

Approved on motion by Carol D., second by Harold. Carried unanimous.

FINANCIAL:

The Oct. 31 financial report, plus expenses (checks 9581-9664) were approved on motion by Harold; second by Carol M.; carried unanimous.

APPLICATIONS:

Harold moved approval of retired status for Patricia M. Flexhaug, CPA and Arlin Karger LPA; second by Carol D.; carried unanimous.

Carol D. moved approval of the Maxine J. Bondenson reciprocal application, on the condition that she changes her application to "substantial equivalency"; second by Harold; carried unanimous.

Harold moved approval of all other applications (grade transfer: Arthur Chan; reciprocity: Barbara A. Kenner, Camie R. Jansen, Carrie L. Neuschwander, Stephen E. Schroeder); second by Joe; carried unanimous.

GRADES:

Carol D. moved approval of Nov. 2002 grades, and certificate issuance, pending review of grades processing; second by Carol M. Carried unanimous.

CPE WAIVER:

Carol M. moved approval of a waiver for Lauri A. Richard (no limitation on self-study CPE), with medical verification; second by Harold; carried unanimous.

NDSPA PROPOSALS:

Two meetings had been sponsored by the Board, addressing the issue. The main issue of disagreement involves use of the term "accountant", with the PA group wanting to allow its use for those passing the ACAT exam and meeting other conditions; the CPA group being opposed to the proposal. There was agreement that a financial statement issued with an attachment containing safe harbor language would not present a problem. The PAs are not asking for approval to perform any restricted services; specifying "not compiled" within the safe harbor language was not a big concern for them. Joe suggested restricting use of "public accountant" rather than the broader term "accountant".

PRP

Dick Brammell joined the group by phone. Discussion re. SSARS 8 assembled financial statements, perhaps we can require submission of related documents under 3-05-02-01. Harold moved approval of Dick's report; second by Carol D.; carried unanimous. Dick left the meeting.

NDSPA PROPOSALS

Larry Kryzsko indicated they would not propose to do any attest services. Their plan would be an improvement, because there are people doing this work, with no education. This would raise the level of accounting. He also commented that we are creating a shortage, affecting mainly the rural areas, and if we want economic development, businesses in outlying areas will need

accounting services. The group would rather handle this change through legislation than litigation. In other states, courts have not upheld a prohibition on use of accountant.

Tom Ribb indicated they'd received a lot of input from members. Members were willing to entertain some change, if there was a pressing need. The group commissioned a banker survey which showed results similar to an earlier PA group survey: bankers are satisfied with their present accounting services. Without a pressing need, the CPA group doesn't feel that changes should be made. Another category of accountants would cause confusion.

Joe mentioned the approach of not regulating the additional class, but adopting a rule recognizing the use of the title. Carol D. moved that the members give the matter personal study, and have a conference call meeting to discuss it further; second by Carol M; carried unanimous.

Larry, Jean, Tom and Jerry left the meeting.

The Board continues to have no position on the issue – pro, con or neutral.

#### 75% PASSING SCORE:

No action was taken. Jim will attempt to reach the BOE again about this matter.

#### FLORIDA ASSEMBLED STATEMENTS:

Harold moved to take no action; second by Carol D.; carried unanimous.

#### PORTFOLIOS:

The issue will be brought to the next regular meeting.

Joe moved to start notifying complainants whenever a complaint is received; provide details and inform them we will contact if any action is necessary on their part. Second by Harold.

After discussion, the motion was withdrawn. Jim will seek legal input.

#### ETHICS CODE:

Harold moved to adopt a rule change specifying the AICPA code for licensees, plus GAO and SEC codes when appropriate for specific client engagements; second by Carol D. Carried unanimous.

Re. an annual affirmation of ethics code adherence, Jim will prepare some language for our forms, for the Board's review.

We will refer the question of an annual ethics CPE requirement to our CPE Standards Committee.

#### RETENTION PERIOD:

Harold moved to use a 10 year retention period complaint files; second by Carol D.; carried unanimous.

NEXT MEETING: March 28, 2003, at 1 pm, in Fargo.

#### COMPLAINTS:

2002-5: This case is being investigated by a CPA firm; we do not have a report yet.

2002-7: We will keep this case open, and notify the complainant that we will close it at the next meeting, unless we receive materials to verify his claims.

2002-8: The case was discussed. The complainant had indicated his desire for the Board to drop the case. Harold moved to close the case; second by Carol D.; carried unanimous. Jim will notify the complainant.

ADJOURN: approx. 4:30

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Secretary-Treasurer

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Date

Two board members review question applications (offenses, ~~residence~~, questionable experience).  
One looks at recips, gt's, random sample of applications.  
Flag the unusual cases in a way that the Board knows the reason it is unusual.  
Notify all rejected candidates of their right to appeal.  
Staff reviews / approves exam applications, issues grades, issues certificates. SB audits process

North Dakota State Board of Accountancy  
**Meeting Notes: January 22, 2003**

The meeting began at 3:40 pm, with Harold Wilde, Joe Tate and Jim Abbott in Grand Forks; connected by phone were Roene Hulsing and Carol Dobitz. Carol Mielke was absent.

MINUTES (Dec. 9, 2002):

Approved on motion by Carol D., second by Harold W. Carried unanimous.

Potential Law Changes:

75% exam score. Jim gave background. It was felt that 75 is understood to be the passing grade. There will be no action taken to change the law at this time.

The Board reviewed the various proposed changes contained in SB 2287.

Harold moved that the Board oppose the bill as written; seconded by Carol D. Carried unanimous.

Various problems were cited, such as the need to include reviews and compilations in the attest definition and in the ABA services section (prohibited services), a preference to not citing standards organizations in the law, the altered definition of "client". There was concern about moving away from uniformity. There was some willingness to allow another classification. Joe will report to the PA group.

Complaints:

2002-5. Financial statements (compilation) could be prepared, if non-independence was disclosed.

There was hesitance to recommending another venue. Harold moved to close the case and accept the CPA's explanation, and the report of our investigator. Seconded by Carol D. Carried unanimous.

We will notify the complainant that our action does not preclude him from taking other action.

2003-1. Carol D. moved to close the case and suggest that the complaint contact the tax matters partner for required documents. Seconded by Harold; carried unanimous.

2003-2. Joe moved to close the case and notify the complainant most of the issues are not in our purvue. If a court determines that the CPA has violated law, please notify us. Harold seconded.

Carried unanimous.

Jim briefed the group re. 2002-7.

NASBA nominations for vice-chair. No action will be taken.

SB 2287 Fiscal note: Jim had prepared a fiscal note for the bill; copies were given to Harold and Joe, and are being sent to the other 3 board members.

Adjourned at 4:52 on motion by Harold, seconded by Carol D.

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Secretary-Treasurer

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Date

The conference call meeting began at 7:45 am, with all members present, plus Jim Abbott.

**PROPOSED LAW CHANGES:**

Roene faxed the PA group's proposed SB 2287 changes to the office.

The group made various comments including:

- NSA has proposed compilation standards that conflict with the language of the proposed bill.
- It's unclear why the first five sections in SB 2287 have been included.
- the proposed changes add compilations and reviews to the attest definition, but the reference is to prospective financial information.
- People don't understand the present situation of two classes of accountants. We've worked hard to protect the term accountant, and should continue.
- concern about the public receiving the same level of assurance, under common standards
- the legislation states that the Board shall use the ACAT Exam, but "may" use the CPA Exam. There is no latitude.
- Sec. 9 still refers to internal controls, and does not refer to the limited assurance of reviews.
- Reports are still prohibited in unlawful acts.
- A substantive case for another classification has not been made.

Harold moved that the Board rejects this bill completely, and has questions about the need for another classification. Seconded by Carol D. This motion was later withdrawn.

Joe expressed concern with the current law's definition of "reports" being so broad.

Harold moved that the Board of Accountancy cannot accept either set of proposed changes, as written. Carol D. seconded. Carried with four votes in favor, 1 abstention.

Joe commented that the Board has suggested changes to the bill, but still considers it unacceptable.

It was mentioned that transmittal letter language could be authorized by rule.

Carol D. left the meeting.

Carol M. moved that Harold will present the Board's position at the hearing; second by Joe; Carried unanimous. Jim will plan to be at the hearing. Jim will email details re. the Board's meeting tomorrow morning.

**COMPLAINT**

Harold moved to reopen a complaint (2003-2) and turn it over to legal counsel for advice. Second by Joe, and carried unanimous. Roene will call the complainant.

Adjourned at 9:20 am, on motion by Harold, second by Joe.

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Secretary-Treasurer

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Date

North Dakota State Board of Accountancy  
**Meeting notes: January 29, 2003**

The meeting began at 7:52 am, with Roene Hulsing, Carol Mielke, Harold Wilde, Jim Abbott, and Albert Krueger present.

The group reviewed draft testimony, and made some changes.  
The meeting adjourned at 8:21, on motion by Harold, second by Carol M.

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Secretary-Treasurer

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Date

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North Dakota State Board of Accountancy  
**Meeting notes: February 3, 2003**

The meeting began at 7:31, by conference call, with the following participants: Carol Dobitz, Carol M., Roene Hulsing, Joe Tate, Harold Wilde, Jim Abbott, Tom Ribb, Jean Klein, Larry Kryzsko.

Larry K. shared a proposed amendment to SB 2287, to eliminate all edits, and insert only one edit: "The NDSBA shall study the options of establishing a permanent second tier of accountancy."

Harold W. moved to accept the proposed amendment. 2<sup>nd</sup>: Carol D. After discussion, a roll call vote was taken; all members voted in favor (Roene did not vote); motion carried.

The amendment issue is now with Sen. Klein. Larry K. did not know if a timeframe would be added.

There was some frustration expressed that the matter will be studied, but nothing will come of it. Harold indicated that he could agree to creating some form of additional credential. Tom stated that the CPA Society would have no problem with a study, but need must be addressed. There was a comment that the Board's concern is the need of public, including the PA group. The ABA credential could be addressed as part of the study. Roene committed to pursue this matter diligently during her term.

The question was raised as to what if the amendment mandates the Board establish another classification? Perhaps the Board would have to reconvene to address this. A mandate would be a significant issue. The Board needs immediate notice.

Kryzsko, Klein and Ribb disconnected from the call.

**COMPLAINT**

The Board addressed 2003-2. Legal counsel guidance had been received. Harold moved to keep the case open, and follow counsel's advice that the matter should go through probate courts first, then to us. We will give the complainant a copy of counsel's correspondence. Second by Joe Carried unanimous.

The meeting ended at 8:05 am.

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Secretary-Treasurer

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Date

North Dakota State Board of Accountancy

**Meeting notes: March 28, 2003**

The meeting began at 1:00 pm. Attendees: Roene Hulsing, Joe Tate, Carol Dobitz, Harold Wilde, Dennis Fuhrman, Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott, Carol Mielke connected by phone.

MINUTES (Jan. 22, 28, 29; Feb. 3, 2003): Approved on motion by Harold, second by Carol D.; carried unanimous.

FINANCIAL REPORT (2/28/03): Carol D. moved approval of disbursements (checks 9665-9854) and financial statements; second by Harold; carried unanimous.

Roene welcomed Ron Johnke and Dennis Fuhrman.

APPLICATIONS: Ron Lunde was approved for retired status, on motion by Carol D., second by Harold; carried unanimous.

Two exam applications were filed based on experience with foreign national governments (Harind Singh, Maria B. Paul). Harold moved rejection of the applications based on our understanding of N.D. law wording; second by Carol D.. Carol D. commented that if there were to be an appeal, we would seek legal counsel input. Carried unanimous.

An exam application (Svetland Sorokina) contained a combination of experience types (government plus public). Combining experience was not considered a problem.

An exam application (Carmen Ispas) contained self-employed public accounting experience in Romania; there was no problem with this situation. Another exam application (Robert E. McMahon) had six years of experience basically in tax; the Board had no concern about this situation.

The Andreas Schwoerer exam application did not have an educational evaluation showing sufficient credits. Carol D. moved to reject the application. We will not perform an evaluation of his foreign education. He is free to reapply with an adequate evaluation. Second by Harold; carried unanimous.

Harold moved approval of the remaining applications (reciprocity: Elizabeth A. Dothage, Christine Paulus Engel, Terry L. Faries, Aiden Holden, Heath C. Kooiman, William J. Warinner, Jason M. Bruegelmann, Jonathan F. Eisele, Robin L. Putnam, Troy A. Short), (transfers: Anwar Aziz, Farrukh Fayyaz, Julieann M. Novais, Kenny Wong, Faraz Zuberi), and exam applications. Second by Carol D.; Carried unanimous.

PAYROLL COST SHARING: Society and Board representatives had met and discussed the payroll sharing arrangements, and agreed to an equal split, but review in three years. Joe moved to approve a 50% sharing of payroll expenses, but include an annual escape clause in the agreement, effective July 1, 2003. Second by Harold; carried unanimous.

PRELIMINARY BUDGET: Discussion. Harold and Carol D. will represent the Board in the annual discussion with the Society re. salary and equipment. 5 year projections had been included in the agenda packet.

BOARD PORTFOLIOS: Harold moved that we use a portfolio system as follows, second by Carol D. We will start this system in July 2003. Carried unanimous.

<u>Portfolio area</u>	<u>Board member</u>
Website	year 1
Finance	year 2
Administration	year 3
Examination	year 4
Complaints	year 5

-- Break --

RULE CHANGES: Changes were reviewed and edited.

Harold moved approval of exam rule changes; second by Carol D.; carried unanimous.

A CPE change (allowing ½ hour increments) was approved on motion by Carol D.; second by Carol M.; carried unanimous.

Harold moved to defer the code of ethics changes until the next fiscal year; second by Joe. Jim will send the AICPA code to all board members. Carried unanimous.

There was some feeling that a mandated ethics CPE requirement can become a farce. Carol D. moved to not address this rule change; second by Harold; carried unanimous.

Definition of "concentration": Harold moved to adopt the proposal, specifying 24 credits beyond Principles; second by Carol D.; carried unanimous.

Harold moved to remove the limits on self-study, college classes taught and taken, discussion leader service; second by Carol D.; carried unanimous.

Harold moved to increasing late fees to \$50; second by Carol D.; carried with 1 opposed.

We will not change the annual renewal fees.

We will not propose a change to a yearly CPE requirement, from the current 3 year system.

Harold moved to change the CPE reporting period to June 30; second by Carol D. We will try to use 1 form if possible. The transition (June 2004) will use an 18 month period, with apportioned minimums. carried unanimous.

EXAM ISSUES: There was no objection to the proposed exam procedures: no application deadlines, review / approval by staff, Board performing a review of grade processing processes, staff issuing grades shortly after receipt, no requirement to test in this state, no proctor fees for testing out-of-state candidates.

Dennis left the meeting.

No nominations were proposed for NASBA positions.

ETHICS AFFIRMATION: Harold moved to begin using the affirmation (referring to ND code, not AICPA), second by Carol D.; carried unanimous.

SB 2287. We will wait until Legislative Council decides whether to study the issue. If they do, we will make ourselves available for assistance; if not, we will consider whether to study the issue on our own.

INITIAL PERMIT: Joe moved to adopt the proposed process change: to charge the initial renewal fee in June following initial certification; second by Harold; carried unanimous.

NEXT MEETING: July 7, at 1 pm; with lunch at noon. – Break --

Jim will check whether NASBA will extend the first-time board member free registration to Carol D.

COMPLAINTS:

2002-7: Carol D. moved to close, second by Harold; carried unanimous.

We are keeping the 2003-2 case open.

Jim reported on an unwritten complaint (1999u-10). Law enforcement found no evidence of his involvement in the illegal activities.

We will continue current procedure of not automatically notifying an accountant when a complaint is filed.

Carol D. raised the question of whether academic plagiarism would be an issue of concern to the Board.

EXAM OVERSIGHT: Harold will be at the site May 7; Carol D. on May 8.

Wally Rygh had been asked to have an onsite peer review. There was no objection to requiring it be conducted at his office, rather than the reviewer's.

Adjourned at 4:43 pm, on motion by Harold, second by Carol D.

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Secretary-Treasurer

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Date



North Dakota State Board of Accountancy

**Meeting notes: April 30, 2003**

The meeting began at 8:30 am. Participants: Roene Hulsing, Joe Tate, Carol Dobitz, Carol Mielke, Harold Wilde, Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott.

AUDITOR SELECTION: Harold has the authority to make the auditor selection.

RULE CHANGES: The group reviewed and edited the proposed rule changes.

Jim commented on a grade transfer applicant who no longer has an active certificate, but has continued to use the CPA credential; Carol D. has also received information concerning the applicant.

Complaint 2003-2: brief update.

NEXT MEETING: May 6, at 11 am.

Adjourned at 9:35, on motion by Carol D., second by Joe.

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President

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Date

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North Dakota State Board of Accountancy

**Meeting notes: May 6, 2003**

The meeting began at 11:00 am.

Participants: Roene Hulsing, Joe Tate, Carol Dobitz, Harold Wilde, Ron Johnke, Jim Abbott.

RULE CHANGES: Jim reviewed changes made to the proposed rule amendments. A question was raised about whether there was sufficient transition time allowed for changing the "concentration" definition; the sentiment was that the proposal is OK as is.

Roene shared comments she'd received from Tom Ribb about changing the CPE reporting year. He felt the main reason for the change to a calendar year reporting year was to fit better with available CPE offerings. A June 30 cut-off would cause people problems, in light of the current May – Dec. CPE offering schedule. He is not in favor at all of the change.

Comments included the issue of due professional care, licensees should plan ahead, it makes sense for our state to use the same schedule (June) as our neighbor states. Those in public practice really need to plan ahead for CPE.

Harold moved that we proceed with option #2 (a June 30 CPE reporting period); second by Carol D.; carried unanimous.

The rule changes will be advanced, on motion by Harold; second by Carol D.; carried unanimous.

The possibility was raised of issuing an endorsement letter for Kathy Smith's bid for a NASBA at-large board position; no action was taken.

Adjourned at 11:30 am, on motion by Carol D., seconded by Harold.

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President

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Date

North Dakota State Board of Accountancy

**Meeting notes: July 7, 2003**

The meeting began at about 1:20 pm. Participants: Joe Tate (by phone), Harold Wilde, Carol Mielke, Carol Dobitz, Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott.

OFFICER SELECTION: Carol D. nominated Joe for secretary-treasurer, but Joe declined. Carol D. nominated Harold for president; second by Carol M.; carried unanimous  
Joe nominated Carol M. for secretary-treasurer; second by Carol D.; carried unanimous

MINUTES (March 28, April 30, May 6 – 2003): Approved on motion by Carol D.; second by Carol M.; carried unanimous.

DISBURSEMENTS (checks 9855-10018): Approved on motion by Carol M., second by Carol D.; carried unanimous. Carol M. moved approval of the May 31, 2003 financial statements, as amended; second by Ron; carried unanimous.

MAY 2003 GRADES / AWARDING OF CERTIFICATES: Joe moved approval; second by Carol D.; carried unanimous.

BUDGET ISSUES: Carol M. moved approval of a \$1500 capital budget; second by Ron; carried unanimous.

Proposed staff compensation was approved, on motion by Ron; second by Carol M.; carried unanimous. Signing the staff sharing agreement was approved (using a July 7 date in the first sentence), on motion by Carol M.; second by Ron; carried unanimous.

Harold Wilde joined the meeting at this time (1:50).

The 2003 – 2004 Budget was approved on motion by Carol D.; second by Carol M.; carried unanimous.

Joe Tate left the meeting at 2:00.

Executive Director goals and a set of projections (2003- 2009) had been included in the agenda packet; no changes were made.

**APPLICATIONS:**

Carol D. moved approval of grade transfer applications from Abdel Hamid Fa Al Abwah, Yaseen Z. Fahd, Naeem Hussain Kasbati, Muhammad Riaz, and Roderick Roberts; second by Ron J. carried unanimous.

Carol moved approval of grade transfer for Sungwoo Kang (upon completion of the ethics exam); second by Ron J.; carried unanimous. Kang had not sat for all four parts, due to an error by the exam arrangements company he had used.

One grade transfer application was deferred, in light of complaint issues (Complaint file 2003-4). Carol D. moved to defer action until we receive more information from the applicant, a firm he is associated with, and a college he was associated with (re. their related policy); second by Carol M.; carried unanimous. Harold and Jim will prepare a letter to the applicant.

Application for reciprocity were approved for Richard Peter Mortenson and Michael J. Wiskirchen, on motion of Carol D., second by Carol M., carried unanimous.

Reciprocity was also approved for Maxine J. Bondeson, William W. Foster, Jeffrey L. Hanson, Chris Eliot Johnston, Brandon Michael Maves, and Jeffrey E. Stein, on motion by Carol M., second by Carol D.; carried unanimous.

Retired status was approved for Kris Hillstrom Manthe, Dianne Holt Johnson, David A. Olson, David G. Odegaard, David A. Knutson, Bobbi Jo McDowall, Robert B. McCullough, Murray R. Pearce, Ray M. Moberg and Clare A. Francis, on motion by Carol D.; second by Carol M., carried unanimous.

Grade Transfer applicant Abwah had taken the exam in 1999; the older ethics exam he took is considered acceptable. Transfer applicant Kang will be expected to take the new computer version.

**OTHER BUSINESS:**

The Board will encourage licensees to include ethics content in their CPE program. There was discussion re. auditing a sample of CPE forms; no action was taken.

Harold commented on the Sarbanes-Oxley discussion during the Society chapter tour. There were no requests to make any related changes.

The next meeting was set for Aug. 11, at 10 am.

NASBA annual meeting: the group agreed to a 4 night allowance for the trip.

Follow up action on SB 2287 was deferred.

There was no objection to renewal of the PRP contract with Richard Brammell.

The concentration interpretations will be changed to include Tax within "accounting" portion, and to specifically exclude Economics courses from counting toward the concentration.

There was no objection to buying newspaper space to publicize non-renewing in-state licensees.

**COMPLAINTS:** 2003-2 remains open, pending any probate court findings. 2003-3 was closed, on motion by Carol M.; second by Carol D.; carried unanimous.

**Rule changes:** brief discussion.

**Adjourned:** 4:23 pm.

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Secretary-Treasurer

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Date

North Dakota State Board of Accountancy  
**Meeting notes: August 11, 2003 (conference call)**

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The meeting began at 10:02 am. Participants: Joe Tate, Harold Wilde, Carol Mielke, Carol Dobitz; Ron Johnke, Jim Abbott.

RULE CHANGES: The Board had been sent an agenda packet in advance of the meeting, containing a synopsis of verbal and written comments received, plus copies of three written comments. A fourth written comment was read during the meeting.

It was mentioned that the Board does accommodate those who run short on their CPE obligations.

Carol D. moved to adopt the rule changes as written; second by Ron; motion later withdrawn.

Carol D.: moved to add "by the candidate" and change "opportunities" to "attempts" in 3-02-01-02; second by Carol M.; motion was later withdrawn.

We will send a tailored example to the transitioning candidates, explaining their particular situation.

Carol D. moved to add "by the candidate" in section 3-02-01-02; second by Carol M.; carried unanimous.

Discussion re. the CPE reporting year, possible change to Dec. 31.  
Harold mentioned he had received comments in favor of the reporting period change.

Carol D. moved to adopt the rule changes, with the one amendment ("by the candidate"); second by Carol M.; carried unanimous.

To allow interested parties to request and receive notice of the time and place when the Administrative Rules Committee will review these proposed rule changes, the Board will add a notice to its website, and submit a notice to the CPA and PA associations. The Board will collect any requests for such notice, and notify each party in writing within 24 hours of the time we learn of the review date.

Carol D. moved to add the phrase "which could include Principles of Accounting or equivalent classes" in rule section 3-01-02-01, after "other business courses"; second by Joe; carried unanimous.

NEXT MEETING: Wednesday, Oct. 15, 1:00 pm, Fargo.

COMPLAINTS: 2003-2 continues to be held open. 2003-4 was discussed and will be held open. We will contact four parties to gather further information. Jim will inform the accountant that the Board continues to address the issue.

AUDIT REPORT: deferred until next meeting.

Adjourned at 11:01 on motion by Carol M. second Carl D. carried unanimous.

The meeting began at 12:45 pm. Participants: Harold Wilde, Carol Mielke (by phone), Carol Dobitz; Ron Johnke, Betsy Batstone-Cunningham, Terry Delaney, Jim Abbott.

MINUTES: (7/7/03 and 8/11/03): Approved on motion by Carol M., second by Carol D.; carried unanimous.

FINANCIAL: Jim will check on the -\$8000 investment income. Disbursements (10019 – 10161) were approved on motion by Carol D., second by Ron J.; carried unanimous.

**APPLICATIONS:**

Applications were approved on motion by Carol D., second by Ron J.; carried unanimous: exam candidates, plus reciprocal certification (Wayne C. Frankenfield, Melissa R. White, Michael L. Anderson, Barry J. Ash, Bernice A. Garbina, Robert J. Koch, Richard W. Nilson, Brett J. Olsen, Gregory W. Schwartz, and Tina M. Stanley), plus grade transfer (Joerg Hammen, Mirko Gottmann, Chad J. Johnson, Holly M. Jorud, and Claus von Campenhausen), plus retired status (Alvin H. Pederson CPA, Harley L. Sprenger CPA, Joseph Tate LPA, Robert G. Wiedeman CPA, John B. Wimbush CPA, and Dennis Seifert LPA).

RULES CHANGES: Four citation corrections had been made; Jim mentioned a typo on one of the cites. Carol M. moved to adopt the rule changes; second by Carol D. carried unanimous.

SB 2287 FOLLOW-UP: The CPA Society had prepared a map showing CPA services coverage of the state, plus obtained input from bankers. Shall we do something else to examine the need for a new credential? We had agreed to look at the issue. Mention was made of conducting an independent survey. Jim and Harold will meet with representatives of the two groups, and ask them to bring their support for their positions. Jim will do some research into the history of the ND LPA credential.

AUDIT REPORT: questions were raised about the handling of CDs within the audit (booked as cash, but related unrealized gains were also booked), and the appropriateness of the concentration of risk footnote. There was no objection to inviting bids for the next audit.

NEXT MEETING: Dec. 12, noon, at the GF offices of BradyMartz.

SELF-STUDY CPE: Jim reviewed some background on self-study CPE. We do not check into how specific self-study is calculated; we could do some testing of self-study. We will continue to accept self-study as reported on our CPE forms. If questioned, our approach will be to allow an hour-for-hour measurement if the vendor meets the national guidelines for interactivity. We will add mention of this to our CPE form.

SUBSTANTIAL EQUIVALENCY: We will recognize NASBA's substantial equivalency decisions, provided the other jurisdiction treats our licensees similarly.

PEER REVIEW EXTENSION: An extension request had been received (Weisz), but was declined, on motion by Carol M., second by Ron J.; carried unanimous.

AVAILABLE FOR REVIEW: Jim pointed out the price level of NASBA dues. He will send a copy of the Washington Board's comment letter re. peer review, to Carol M.

**CPA EXAM**

MAY 2003 PASS RATE: This issue arose due to a call from AICPA. Staff had compiled information which was included in the agenda packet. No further action was taken. Harold commented that the UND group was an exceptional one, one of the best ever for the school.

EXTENDING TRANSITION PERIOD: (in light of lengthy turnaround of grades in the first year of the CBT). No action was taken. The agenda packet included a memo about the CBT; there was no objection to following the national approach to which paper-test sections count for which CBT sections.

EXAM OVERSIGHT: Carol D. will be present at the Nov. 5 exam; Carol M. at the Nov. 6 exam.

Terry Delaney left the meeting at this point.

The group agreed to approve grade transfer for Thomas A. Buckhoff, and close complaint file 2003-4, on motion by Ron J., second by Carol M.; carried unanimous.

2003-5: Jim reported on the case, and the sentiments of Joe Tate who has the Board complaint portfolio. Joe believes that complainant has not provided substantial proof of wrongdoing, the matter is a fee dispute, and if a letter is sent, it should be to the complainant and not the accountant.

A letter will be sent to the accountant, but with a "softer" approach than the draft language, indicating that we are gathering information and have a duty to obtain the accountant's side of the story.

NO FAULT COMPLAINTS: (a carry-forward item); no action was taken.

Jim reported that an applicant had contacted us after the exam application deadline, claiming he'd sent his application earlier. He hadn't used a money order or saved a copy of his earlier application; staff did not proceed with his application. There was no objection to the staff's approach to the matter.

Adjourned at 3:23, on motion by Carol D, second by Carol M; carried unanimous.

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Secretary-Treasurer

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Date

ORIENTATION: Harold provided an orientation for new Board member, George Kelly.

The meeting began at 1:17 pm. Participants: Harold Wilde, Carol Mielke, Carol Dobitz, Ron Johnke, George Kelly, Betsy Batstone-Cunningham, Jim Abbott.

MINUTES (Oct. 15, 2003): Approved with one change (citing Carol D. as the second for the motion to adopt rule changes), on motion by Carol D., second by Ron; carried unanimous.

FINANCIALS (Oct. 31, 2003): Disbursements (checks 10162 - 10237; 9/1/03 - 10/31/03) were approved on motion by Carol M., second by Carol D.; carried unanimous. We will prepare monthly budget forecasts.

APPLICATIONS:

Jim will seek a letter from Minnesota, re. substantial equivalency. Jim will ask NASBA whether they include ethics testing in their substantial equivalence determinations.

Grade Transfer was approved for Kimberly Arnholt, Reynaldo E. Correa, and John R. Zak -- on motion by Carol D., second by Carol M. carried unanimous.

Reciprocal certification was approved for James B. Griebel, Angela D. Larsen, Sheryl Ann Larson (pending having taken an ethics exam), Jon T. Lee, Patrick T. Prunty, William A. Udelhofen, Jeffrey A. Vrieze, Martha L. Kipfer, Todd R. Wold -- on motion by Carol M.; second by George; carried unanimous.

Retired status was approved for Venus V. Blake LPA -- on motion by George, second by Ron; carried unanimous.

Carol D. moved to approve the November 2003 grades pending a review of grade processing, second by Carol M.; carried unanimous.

SARBANES-OXLEY: The group discussed the issue of whether we need to initiate any similar regulations within North Dakota. No action was initiated.

Jim and Harold will address the AICPA and state ethics codes.

SB 2287 DISCUSSION: Harold passed out copies of an NDSA letter, an NDSCPA letter / coverage map / accounting study summary. The discussion included these comments: a change needs to be tied to a need; student numbers dropped in the 90s, but have since been fairly stable; no data had been received from the NDSA group; we graduate substantially more accounting students than those who stay in the state; the NDSA group hadn't provided the study mentioned earlier; complexity of accounting rules is very high, not possible for a 2 year graduate to handle that complexity; the ACAT test is a weak test of Principles content; the Board indicated it would discuss the issue; it seems both groups have dug in their heels; there is some willingness to allow a new group requiring passage of the practice portion of the CPA Exam. Harold will draft a letter, indicating we think it would be good to meet and discuss the issue, with a couple of representatives from each group; we need to avoid territorialism. Harold will email a copy of the letter to the Board, and allow a day or two to respond. Harold indicated he and Carol M. as the anticipated Board reps.

OTHER BUSINESS: There was no objection to applying the new CPE regulations to the full January 2003 to June 30, 2004 period. Carol D. moved that there is no objection to providing candidate home addresses and various other information to NASBA, for exam and grading purposes; second by Carol M.; carried unanimous. Jim will ask legal counsel if we can provide SSNs; the Board has no objection to doing so. We need assurances that NASBA will not use the information for any other purposes. The group discussed an "Accountants for hire" faxed ad; it is no problem if it goes only to accountants; no action will be taken.

We will not permit certification for a candidate who had written the Exam in a piecemeal fashion

Dick Brammell joined the group.

NEXT MEETING: April 23, noon, Fargo, 1 pm.

POSITIVE REVIEW PROGRAM: Dick circulated a report on the program. 54 firms had submitted; one is still outstanding. We will require 8 CPE hours of comp. and review by June 30, for a firm that had repeat findings. No action was taken regarding a suggestion to include SSARS 8 engagements on our forms. No action was taken to the question of Nameniuk & Co. and Harold Rotunda having their peer reports submitted to Minnesota, rather than North Dakota.

We will add a file note re. a potential rule change to cover SSARS 8 and Projected financial statement engagements in the positive review program.

COMPLAINTS: Brief review of 2003-2. Discussion re. 2003-5, including checking with the courts on the status of the estate, a letter of reprimand about following up on prior year activity, due professional care. We will await the court's action, and provide no comments at the present time, unless specifically asked. We will request an update in January, indicating that we delayed action pending court activity.

WIDMER NOMINATION: Carol D. moved to nominate Harris Widmer for 2 AICPA awards; second by Carol M.; carried unanimous.

ADJOURNED: at 4:36 pm, on motion by Carol D., second by George; carried.

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Secretary-Treasurer

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Date



**Application Review processes:**

Two board members review question applications (offenses, residence, questionable experience).  
Flag these unusual cases in a way that the Board knows why it is unusual.  
One looks at recips, gt's.

3/03: **Staff reviews / approves exam apps.; issues grades (& certs.** (4/04). Board to conduct reviews.  
Notify all rejected candidates of their right to appeal.

7/04: **Substantial equivalency applications will be handled by the staff.**

**Board stipend calculation / meeting attendance**

**Fiscal year: 2003-04**

Board members are paid \$300 per day or part, not to exceed \$1200. Paid in June.

<u>Date</u>	<u>Board members participating:</u>					
7/7/03	Joe Tate	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	
8/11/03	Joe Tate	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	
10/15/03		Harold Wilde	Carol Mielke*	Carol Dobitz	Ron Johnke	
12/12/03		Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
10/14/03	Joe Tate - discussion re. complaint					
10/15/03	Joe Tate - sent us an email re complaint					
4/23/04		Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
4/ ? /04	George Kelly - working on licensee situation, visiting with the accountant					

.....**Fiscal year: 2004-05** .....

7/9/04		Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
10/11/04		Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
10/18/04		Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly

\* by phone

North Dakota State Board of Accountancy  
Meeting Notes: April 23, 2004  
Location: Ramada Plaza, Fargo

Participants: Harold Wilde, Carol Dobitz, George Kelly, Carol Mielke, Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott. Velma Bjorgum. The meeting began at 12:53.

#### MINUTES (12/12/03)

Approved on motion by Carol M.; second by Carol D.; carried unanimous.

#### FINANCIALS (2/29/04)

Check payments 10238 through 10429 were approved on motion by Carol D.; second by George; carried unanimous. The financial statements were approved on motion by Carol M.; second by Carol D.; carried unanimous.

#### APPLICATIONS [Velma Bjorgum joined the meeting].

The John Hiripis exam application was approved, on motion by Carol D., second by Carol M.; carried unanimous. Tahir Raza Sheikh was not approved for grade transfer, due to showing only 3.5 years of applicable experience. Substantial equivalence applications were approved on motion by Ron, second by George; carried unanimous (Anita F. Baker, Bruce W. Barton, Scott Wayne Carlson, Julie A. Chapman, Brian A. Falk, John B. Grace, Anita M. Goebel, Tyrone Inglis, Randal J. Lewis, Kelly W. Karmazin, Katharine M. Knudtson, Gregory C. Swinehart, Boake D. Munsch, Ardis R. Ribail, Joel S. Thomsen, Michael A. Tobiason, Tonya L. Varner). Carol D. moved approved of grade transfers; second by Ron; carried unanimous (Mei Hsing Tzeng, Azam Hamid Kukaswadia, Kathleen Mohn).

Timothy J. Gross was approved for conditioning time extension until removed from active duty status; on motion by Carol D.; second by Carol M.; carried unanimous. We will notify him that we are willing to consider additional time.

#### OPENING USE OF "ACCOUNTANT"

Velma B. commented to the group and provided a letter declining to participate in further meetings about the issue. Discussion. Comments from participants included: preference for a four year degree, the issue of need, providing a credential for those who do not take the CPA route, the conflicts between MN community colleges and technical colleges, the level of preparation provided in technical schools. Harold commented that it will now be up to the two groups to address the issue in the Legislative process, and the Board would testify if it believed that public harm was at issue. The Board did not care for specifics in the last bill. [Velma Bjorgum left the meeting].

#### BUDGET

Jim will investigate options for office space and visit with our current building owner about providing handicapped access.

Representatives to the annual joint meeting (re. compensation and equipment) will be Ron and Carol D.

We will ask our attorney about whether we can limit what constitutes "college" education – 4 year school, community college, technical college. Based on his comment, we will then go ahead and accept the technical college credits for a candidate discussed in the meeting.

#### ETHICS CODE

Adopting the AICPA Ethics Code would only really impact the audit, review and attest practitioner; not those providing tax and compilation services. Harold will prepare an article about the Board's considering the adoption of the AICPA ethics standards.

#### SELF-STUDY CPE MEASUREMENT

There was mention of a self-study program being completed in 4 hours, rather than the 16 hour course rating, although the course had considerable reference material. We will leave things as is; counting self-study at the vendor's rating (with interactive self-study counting hour-for-hour).

## OUTSOURCING

Perhaps peer reviewers should examine the firm's controls for assuring the quality of outsourced services. This matter appears to be addressed to some extent in the current peer review process.

## EXAM MATTERS

There was no objection to staff issuing the CPA certificates to new CPAs. The Board will conduct an audit of procedures. There are problems with the operation of the NASBA database, etc.

However, the actual examination process appears to be going well. Jim gave the group a handout from a recent exam presentation to educators.

## LICENSEE ISSUES

FIRM LICENSURE FOR EXPERT WITNESS FIRM: Jim will ask the licensee about the situation.

COMPILATION REQUIREMENT: George will visit with the LPA re. exactly her exact services.

There was no objection to not including passage of the AICPA ethics test, when evaluating substantial equivalency applications. Mention was made about requiring ethics CPE.

NEXT MEETING: July 9, at 1:00 pm, in Fargo

## COMPLAINTS:

2003-5 Carol M. moved that we require that the CPA take an 8 hour professional responsibilities CPE program; second by Carol D.; fine payment is an issue for the courts; carried unanimous.

2004-1 and 2004-2: Closed on motion by George; second by Ron; carried unanimous.

The Les Mason information will be filed.

Adjourned at 4:15, on motion by Carol D.; second by George and carried.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

North Dakota State Board of Accountancy

**Meeting Notes: July 9, 2004**

Location: Ramada Plaza Suites, Fargo

Participants: Harold Wilde, Carol Dobitz, George Kelly, Carol Mielke, Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott.

The group reviewed applications prior to the meeting start. The meeting began at 1:02 pm.

**ELECTION**

Carol D. nominated Harold for president; second by Carol M. Carried unanimous.

George nominated Carol M. for Sec.-Treasurer, second by Carol D.; carried unanimous.

**MINUTES (4/23/04)**

Approved on motion by Carol D.; second by Ron. Under the Budget section, Carol D. should be shown as the representative to the joint meeting. Carried unanimous.

**FINANCIALS (5/31/04)**

Jim passed out an updated 5/31 income statement, and pointed out a column heading error, and a \$500 item in the staff travel account that needs to be reclassified. It was pointed out that the YTD actual column on the budgeting page should be more current.

Cash management goal: Ron moved to set a free cash goal of 60% of prior year expenses; second by Carol D.; carried unanimous.

Payments 10430 to 10540: approved on motion by Carol D.; second by Carol M.; carried unanimous.

**BUDGET**

Approved on motion of Carol D., second by George; carried unanimous.

Jim commented that the building owner is planning to install an elevator.

**CPE**

The Board addressed the issue of whether to allow forward-posting of CPE, in light of the 18 month report period and classes taken twice in same period. No change was made.

Jim passed out a memo regarding the late fee on the new combined CPE/registration form. The issue was deferred; option 1 is preferable (changing the late fee due date to July 31, or "as specified on form". Suggestion: send second notice in July, if we change to a new date for late fees.

**APPLICATIONS**

Substantial equivalency applications will be handled by the staff.

Three grade transfers were approved (Mark G. McCrummen, Jeremy J. Miller, Tahir R. Sheikh), one denied (Abdul Aziz Allan), on motion of Carol D., second by Carol M.; carried unanimous.

Ten have requested retired status (Gary D. Anderson, Neil D. Cahill, Rita M. Fuller, James L. Heidmann, Larry J. Hoffart, Joan M. Knecht, Eldon D. Levi, David D. Morman, Linda F. Wohlgemuth, and H. Lynn Wyum – all CPAs). Break

Harold mentioned he and Jim working on the CPE and public accounting definition language.

**NEXT MEETING:** Oct. 11, in Fargo, at 1 pm

**NASBA MEETING:** Oct. 17-20 in Chicago.

**PEER REVIEW COORDINATOR**

We will continue another year with Dick Brammell, if he is willing. Jim will visit with Dick, about continuing and compensation rate. Harold and Jim can handle any modest increase.

#### TECHNICAL COLLEGE CREDITS

On motion by Carol D., second by George; carried with 1 opposed, we will consider credits in business and general education taken at Technical Colleges, but which were not accepted by the four year degree granting school [i.e. toward the 150 provision]. A Board member will review such cases. Such credits will not count toward the concentration. Proprietary school credits are not accepted by other schools, and we will do likewise.

#### MILEAGE RATE

Jim will check the 54-06-09 section of state law, and notify the Board.

#### E & Y LETTER

A letter had been included in the agenda packet concerning disciplinary action taken against the firm; no action was initiated by the Board.

#### FORENSIC ACCOUNTING FIRM

The entity is no longer providing services to clients in any state; no action was taken by the Board.

#### CPE QUESTION

We will not allow CPE credit for informal preparation for securities examinations.

#### ETHICS CODE

We will not prepare correspondence at this time, regarding the possibility of adopting the AICPA Ethics code in place of North Dakota's. We will plan to bring this issue forward in about a year.

#### CPA EXAM

Betsy shared comments about the examination grades and national database.

#### COMPLAINTS

2003-5 will be closed, pending verification of the licensee taking the mandated ethics CPE.  
2003-2 is being held open.

ADJOURNED: 3:20 pm

\_\_\_\_\_  
Secretary-Treasurer

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Date

North Dakota State Board of Accountancy  
Meeting notes: **Oct. 11, 2004**

Location: Ramada Plaza Suite, Fargo

The meeting began at 1:25 pm. Participants: Harold Wilde, Carol Mielke, Carol Dobitz, George Kelly, Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott.

MINUTES (July 9, 2004)

Approved with amendments in the "technical school credits" section, by motion of Carol M., second by George; carried unanimous.

#### FINANCIALS

Disbursements (10541 – 10683, plus 502 - 503) were approved on motion Carol D., second by Carol M. We will check that the firm form specifies "ND licensees". Motion carried.

There were a few comments about the financial statements.

#### APPLICATIONS

Reciprocal certification was approved for Zubair Daruwala and Susan M. Greenheck, on motion by Carol D., second by Ron, carried unanimous.

Grade transfer was approved for Avinash N. Bawachkar, Michelle Emineth, Mazhar H. Hamidi, Sajjad K. Kerawalla, and Jian Lei, on motion by George, second by Ron, carried unanimous.

Retired status was approved for Robert J. Paul LPA, Jerome C. Loreth CPA, Jerry E. Strom CPA, Robert J. Roel. CPA, Allen Wolfe CPA, and John E. Stenejem CPA, on motion by Ron, second by George; carried unanimous.

The substantial equivalency application of Katherine Campbell was considered fine to process. She has a MD certificate, but there are conditions to make it current.

#### RULE CHANGES

Carol D. moved to approve changing the concentration rule, to allow "conditioned" candidates to use the current concentration; second by Carol M.; carried unanimous.

Carol D. moved that we will accept pass-fail graded college credits, but not in the concentration (ie business or accounting credits); seconded by George; carried unanimous.

Discussion re. the license form and "holding out".

Harold and Jim will work on this issue further, using a "clean slate" approach.

The CPE late fee date will not be changed.

#### PEER REVIEW

The group discussed the concept of eliminating the PRP program, requiring peer review for audit, review and compilation firms, periodically overlooking the Society peer review operations, etc.

Harold would encourage the Board to have Dick Brammell include more of the AICPA report review processes, and assess those firms additional fees. Harold will prepare a message to be sent to licensees, re. peer review and the CPE late fee date.

Carol D. moved to approve signing the Bank of ND authorization form, listing Jim and George; second by Carol M. Carried unanimous.

Carol D. moved to allow use of personal vehicles for Board business; second by George; carried unanimous. The Board is able to use a lower mileage rate, but no such action was taken.

#### NASBA BYLAWS

Harold commented that a 15 day ballot time is short notice, and that committee service shouldn't be mandatory. There was no objection to Carol D. serving as the voting rep. for the meeting.

#### AICPA SEC PEER REVIEW

PCAOB will be conducting reviews of the SEC firms; AICPA will continue to review these same firms' non-SEC practice. There could be a gap in the SEC review coverage; no action was taken.

Carol D. moved to adopt the PCAOB confidentiality agreement; 2<sup>nd</sup> by Ron; carried unanimous.

Harold will be visiting with the NDSA, and will send a summary to the group.

NEXT MEETING: Jan. 6, in Fargo, at 1 pm.

#### LATE FEE COMPLAINT

Copies of a licensee note of concern with the \$50 late fee had been passed out to the Board.

Jim will prepare a letter in response, for Harold's signature.

#### REINSTATEMENT

Carol D. moved to reinstate the certificate of Steven Speaks, contingent on positive responses being received on 3 items (positive support for reinstatement from the current employer, verification of SEC fine payment, and tenure with the prior employer); second by Carol M.; carried, (with Ron absent).

#### DRAFT COMPLAINT AGAINST BOARD

There was comment that we have been willing to listen in the past, and that the last time an invitation was declined by NDSA. Harold will draft a letter of response, indicating that the Board will not concede to the complaint proposal to settle if the Board agrees to change the law.

#### EXAM CANDIDATE RESEARCH

Jim briefed the group re. candidate research to be conducted. Carol D. moved to authorize the exam related research; second by George; carried unanimous.

#### AUDIT REPORT

Discussion. Jim will check on the discrepancy between the payroll income and footnote amounts.

#### COMPLAINT

Carol D. moved to close the complaint and notify the complainant, based on the lack of any court activity; second by Carol M.; carried unanimous.

ADJOURNED: approx. 4 pm.

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Secretary-Treasurer

\_\_\_\_\_  
Date

North Dakota State Board of Accountancy

Meeting notes: **October 18, 2004**

The meeting began at 4:21, with Harold Wilde and Jim Abbott at the Board office; connected by phone were: Carol Dobitz, George Kelly, Carol Mielke, Ron Johnke.

#### CONCENTRATION RULE

The Board had earlier decided to enact a rule change to enable conditioned candidates to continue under the current conditioning definition. The impact appears very nominal. Carol D. moved to rescind the change; Carol M. seconded; carried unanimous.

#### GRADE TRANSFER INQUIRY

An individual is seeking to transfer 3 credits; she did not write all parts of the Exam. She received incorrect advice about being able to write the fourth in another state. Carol M. moved to deny the exception; seconded by Carol D.; carried unanimous.

George joined the group at about 4:40.

#### TRANSITIONING AT 12/31/04

Carol M. moved that those 120 hour and 4 year experience candidates who are not conditioned as of 12/31/04 will no longer be able to continue writing the Exam; second by Carol D.; carried, with Ron Johnke abstaining. Carol D. moved to allow those who are conditioned at 12/31/04 to continue writing the Exam under the conditioning rules (but with no additional conditioning time); second by Carol M.; [they will need to meet the 150 provisions to be certified]; motion carried; Ron abstained.

ADJOURNED: 4:58

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Secretary-Treasurer

\_\_\_\_\_  
Date



**Application Review processes:**

Two board members review question applications (offenses, residence, questionable experience).  
Flag these unusual cases in a way that the Board knows why it is unusual.  
One looks at recips, gt's.

3/03: Staff reviews / approves exam apps.; issues grades (& certs. (4/04). Board to conduct reviews.  
Notify all rejected candidates of their right to appeal.

7/04: Substantial equivalency applications will be handled by the staff.

**Board stipend calculation / meeting attendance**

**Fiscal year: 2004-05**

Board members are paid \$300 per day or part, not to exceed \$1200. Paid in June.

Date                      Board members participating:

..... **Fiscal year: 2004-05** .....

7/9/04	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
10/11/04	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
10/18/04	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
1/6/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
1/27/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
1/31/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
2/3/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
4/22/05	Harold Wilde		Carol Dobitz	Ron Johnke	George Kelly
5/10/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly

Feb. 3-4, 2005                      SB2329 hearing: Harold Wilde, Carol Mielke

..... **Fiscal year 2005-06** .....

7/12/05	Harold Wilde	Carol Mielke*	Carol Dobitz	Ron Johnke	George Kelly
10/14/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
11/10/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
12/16/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly

**Other Business**

7/ /05                      Admin. Rules Committee presentation, by Carol Mielke

North Dakota State Board of Accountancy  
Meeting Notes: **January 6, 2005** 1 pm

Location: Ramada Plaza, Fargo

Participants: Harold Wilde, Carol Dobitz, George Kelly, Ron Johnke, Carol Mielke, Dennis Fuhrman, Dick Brammell, Jim Abbott. The meeting began at 12:51.

MINUTES (10/11/04 and 10/18/04)

The minutes were approved on motion by Carol D., as amended (to add "to be certified" in the last sentence of 10/18/04 minutes, and include George K. as present; second by Ron: carried unanimous.

POSITIVE REVIEW PROGRAM

Dick Brammell passed out a report on the program. He left after this section.

Dennis Fuhrman joined the meeting at about 1 pm.

FINANCIALS

We will check the accuracy of the late fee account, and check the interest receivable account. Checks 10684 to 10799 were approved on motion by Carol D.; second by George; carried unanimous.

APPLICATIONS

Grade transfer was approved for Janak Raj, Hussein A. Mallouk and Thomas Amann on motion by Carol D., second by Ron; carried unanimous. Two licensee had applied for retired status - Buell J. Reich and James P. Engelhart.

STAFF REVIEW PROCESS

Dennis commented on using a 360 Degree evaluation process. The Society president will serve while president and past-president. The Society board OK'd changing the processes. Also mentioned was seeking information from the state re. compensation and benefits. The joint meeting will be in May. There were no objections from the Board. Dennis F. left after this section.

POTENTIAL PRP CHANGES

Harold commented that the Board should be serving in an oversight role, rather than performing review services; perhaps we should oversee the review results.

CPE FORM CHANGES

CPE form change options were included in the agenda packet. Carol M. joined the meeting at 1:45, by phone. Discussion. Option 2 will be pursued (editing the form by combining sections A and B), which leaves the CPE regulations unchanged.

RULE CHANGES

Jim will check with legal counsel re. the need to list a specific price ceiling; if we must be specific, we will change the ceiling to \$250 per part, on motion by Carol D.; second by Carol M.; carried unanimous. Other rule change possibilities were passed out; these will be brought forward to the next meeting. One of the rule change proposals showed the old \$20 late fee; Jim will check on this.

OTHER MATTERS

Harold had just received a letter from V.J. Spaedy, suggesting he examine the ACAT Exam, and that one who can pass that test would be qualified to be a public accountant. He also indicated agreement with a 4 year degree requirement. Harold commented that for consistency, passing of the FARE section of the CPA Exam should be expected. Harold will obtain a copy of the ACAT Exam and review it. When last examined it was not considered sufficiently complex for public accounting. Harold will contact Terry Delaney and Dennis Fuhrman about the sentiments of the CPA group. He will also write to V.J. Spaedy.

NEXT MEETING: Friday, April 22, 1 pm, at the Fargo Ramada Plaza Suites. [Break]

OTHER MATTERS

Jim notified the group that NASBA is inviting nominations for vice-chair. He also mentioned that it is possible that the office bookkeeper may resign. There was no objection to increasing the wage of our web design staffer to \$10.

COMPLAINTS

George moved to close Case #2004-3; second by Carol D.; carried unanimous [Jim is to check the website for compliance]. Carol D. moved to close Case #2004-4; second by George; carried unanimous.

ADJOURNED: 3:17 pm

[Note: Jim had brought a letter relating to Ernst&Young and PeopleSoft, as well as 4 PCAOB reports.]

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Secretary-Treasurer

\_\_\_\_\_  
Date

Location: by conference call

PARTICIPANTS: Harold Wilde, Carol Dobitz, George Kelly, Ron Johnke, Carol Mielke, Terry Delaney, Jim Abbott. The meeting began shortly after 4.

SB 2329

Harold provided a synopsis of the bill. It creates an ABA credential, defines ABA, attest, compilation, specifies required education (4 years, with 15 credits of tax, finance and accounting; with 3 year window to obtain the ABA without education), the ACAT exam, no opinions allowed but reports are authorized, ABAs can use safe harbor language. The biggest change from prior legislation is the 4 year college / 15 credits provision.

Various concerns were shared:

- what about using the CPA Exam?
- There is some preference to use the FAR section rather than ACAT
- Where does a Review fit in? The proposed "attest" definition covers audit and examinations. Compilation is defined, and refers to "national organizations" – it's unclear what this requires of the Board.
- Sec. 8 grants the ABA a license – could there be difficulties with including ABA in the "license" language?
- Sec. 9, 1d – this activity sounds like "attest"
- the bill has internal inconsistency with the term "report"
- page 11 refers to the term "auditor"

Harold mentioned going to Bismarck for the hearing. ????

The Board was informed that various amendments are planned for the bill. We are not aware of what those changes will be, other than a credential name change, to Registered accountant.

Other issues about the bill:

- No degree is specified.
- What does "completion" of college education mean?
- 15 hours of tax, accounting, finance & tax is low, and could represent as little as one hour of two of those content areas, with the balance in tax.
  
- The definition section should include compilation and review
- The "client" definition has been limited to "persons".
- The compilation definition requires referring to standards of other associations, and is unclear
- "report" is now defined to include opinions and assurance, disclaiming language, and other language that implies assurance; this could implicate the "safe harbor" language.
- The board is to use the accounting exam provided by ACAT; this mandates a specific exam.
- A degree is not mandated; only 15 hours are required spread among 3 disciplines.
- Reports are authorized for ABAs, but elsewhere reporting is restricted to CPAs, LPAs.
- Adding another credential may require the Board to undertake an educational program, to clarify things to the public.

Carol D. and Ron indicated that they would not support this bill in its present form.

There are 54 U.S. jurisdictions, 11 of which have a second category in addition to CPAs. Nine of those 11 use the CPA Exam for qualifying.

MEETING: Thursday 2/3/05, at 9 AM; by conference call. Carol M. will not be available.

*EXECUTIVE SESSION*

*Carol M. moved to enter executive session; second by Carol D.; carried unanimously by roll call vote. [Terry Delaney disconnected from the call].*

*The subject for the Executive Session was attorney consultation re. a lawsuit against the Board.*

*Bill Peterson, of the Attorney General's Office, joined the call*

*Harold reviewed the motion that had been made to enter Executive Session. The session was recorded by ATT. Discussion was to be limited to the announced topic. Any collective commitments must be taken in an open meeting, unless otherwise allowed by law. Providing guidance to legal counsel is excluded. The Executive Session began at 4:50, attended by all 5 board members, for the purpose of discussing the current lawsuit with Attorney General representative, Bill Peterson.*

*The Executive Session concluded at 5:24 pm.*

Harold will visit with Mr. Spaedy about a disclaimer approach, and other potential compromises.

MEETING SET: Monday, 1/31, at 4 pm.

ADJOURNED: 5:32 pm.

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Secretary-Treasurer

\_\_\_\_\_  
Date

Location: by conference call

**PARTICIPANTS:** Harold Wilde, Carol Dobitz, George Kelly, Ron Johnke, Carol Mielke, Terry Delaney, Jerry Spaedy, Jean Klein, Albert Krueger, Monte Rogneby, Jim Abbott.  
The meeting began shortly after 4.

Rogneby commented that the pending lawsuit should not be discussed without Board counsel present.

#### SB 2329

Harold summarized the Board's concerns with the original bill:

Concern with ACAT being mandated, where the CPA exam is not mandated

National organization unclear

No degree being specified

What does "completion of college education" mean?

15 hours of tax, accounting, finance – low, and could be very low in 2 areas

"Client" has been modified, to exclude entity

Someone other than the Board will determine would be granted the state title

The amendments were

A new paragraph authorizes the use of varying accounting titles granted by other organizations. What specific credentials would the bill authors have in mind? Spaedy was not aware of any specific additional titles intended.

Harold shared a summary of concerns he has identified in the bill:

1. Educational qualifications: a 4 year degree would seem appropriate. Auditing is not to be tested, whereas auditing is part of accounting training. We expect accountants to take on the role of auditor when necessary.
2. Inappropriate to mandate a test. The ACAT Exam is not as good as it could be given the complexity of the profession. A 70% pass rate is lower than the CPA Exam, but allows for experience points can bring the score down to about 58%.
3. The new paragraph 10 in Section 13 (Unlawful acts) allows for the use of various accounting credentials.
4. Various services are mentioned, but without independence being addressed. The Board would want some independence restrictions. The bill indicates that it is only unlawful to issue a report to persons; this is inconsistent with the section 9-1e that allows for issuance of reports. Perhaps this allowance should go into the unlawful acts section only. In the bill definitions, "attest" does not include other services covered by attest standards, such as Review. The normal compilation report tends to imply a level of assurance also.

Why was "client" amended to carve out "entity"? Mr. Spaedy did not know. "Person" may refer to an entity in other instances, although the accounting law or the bill do not define the term "person".

Summary: exam, education, definition, ABA title similar to CPA (amendment to RAP may change that concern). Amendments haven't fixed the exam concern – they mandate 70%, audit content cannot be tested, mandates ACAT taken anywhere, a no-education option is available until July 2008, unlawful acts section allows for many credentials being adopted.

Harold mentioned preparing a letter. Monte left the meeting.

Ron moved to not support the current bill, given our concerns and questions. Second by Carol D. Carried. Discussion re. setting out conditions that the Board would require to make the proposals workable, such as minimum score, specific education. The RAP title could be excluded from the law, and provide for safe harbor language. If we went the direction of a licensure, the 3 groups could create the system. Ron – yes, Carol M. – yes, Carol D. – yes, George – no. Carried: 3 to 1, to not support.

Harold will prepare some language that could be palatable to the Board, in advance of the Thursday meeting. It would also be provided to the CPA and PA societies. Think about whether or not the Board should be present at the hearing. We can make that decision on Thursday.

The time of the Thursday meeting will be 9:30 am. Harold will call Spaedy as to whether our concerns with the bill are valid.

Adjourn: 5:02

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Secretary-Treasurer

\_\_\_\_\_  
Date

Jan. 27, 2005 4 pm

*EXECUTIVE SESSION: CONFIDENTIAL INFORMATION*

*DO NOT RELEASE WITHOUT LEGAL COUNSEL APPROVAL*

*Bill Peterson: assistant AG, represents 17 boards, does litigation for state*

*Exec. Session: members can't disclose what is discussed outside of the ex. Session. Would be a breach of attorney-client confidentiality. Conflict with board's interest, could reclude themselves? No one did so.*

*Daley asked for an evaluation. They indicated there may be difficulty defending the case. Action served yesterday, AG considered, asked Bill to speak with Board, give some ideas of its potential, give alternatives to legal action. Originally they thought it would be unlikely to sustain, in view of case law from other jurisdictions. Outright ban, when they can practice it already, would probably be an unconstitutional restraint. To discuss with Noel Allen. They think it would be unlikely to succeed in defending, but want to look further. AG wanted to suggest Board working with SB 2329 proponents, in an attempt to settle. Not successful in past. Understand nothing less than registration. They have discovered an alternative to complete ban: use of "accountant" but with a disclaimer (not certified, etc.).*

*If Board proposed disclaimer language, and the proponents refused, it would be hard for them to defend that position to the Legislature.*

*HW: tough to change at last minute without potential unintended consequences. Perhaps allow court to decide. Could offer 2 weeks, we'll have a proposal. If ruled unconstitutional, we could no longer enforce prohibition to "accountant". Open to anyone? Bill: Unsure.*

*Most occupations prohibit the practice of the profession without a license.*

*Our law allows some of the activities to be practiced without a license.*

*Bill: adding a "disclaimer" would be defensible. Not so sure that lack of time is true. If we did, the AG Office might be able to support such an amendment.*

*Lawsuit would evaporate: why? The lawsuit is claiming prohibition; the disclaimer would allow limited use. Entirely different grounds than now being used.*

*Satisfactory: might be a consideration.*

*Sentiment for trying disclaimer – George - try; Ron – what would the disclaimer look like?; signature line and business card? Carol D. – try;*

*Agreed action: Harold visit with Spaedy*

2/3/05 Ken: SB OK sending copy of Spaedy memo of concerns, to GVA



North Dakota State Board of Accountancy  
Meeting Notes: **February 3, 2005. 9:30 am**

Participants: Carol Dobitz, Ron Johnke, Carol Mielke, George Kelly, Harold Wilde, Terry Delaney, Jim Abbott

Location: conference call. The meeting began at 9:36.

SB2329

The Board's position on the current bill is 4 to 1 in opposition. No one indicated having changed their position on opposing the bill.

The group discussed the memo. There were no alternatives offered to the fundamental requirements. The RAP / disclaimer idea of the Board was not acceptable to their group. They believe they have given all they are willing to give. Carol D. moved approval and sending of the memo; second by Ron J.. A roll call vote showed Carol D., Ron J. and George K. voting in favor.

Re. "person or entity", legal counsel is indicating that its meaning would depend on the context of use.

Terry Delaney and Tom Ribb will be attending the hearing. Jim and Harold will attend the hearing. We will check about Carol M. attending. Jim doesn't plan to speak, but would respond to question, or speak if the Board wishes. He will bring his laptop. Question was raised as to whether there be a conflict w/ Jim being present. Some would feel so, but he could answer law questions.

Carol M. joined the call.

Harold provided an update: the Board has agreed that it is still opposed; Harold will attend the hearing, she can attend also. Jim will be there as a resource if needed. We won't register to speak. We will edit the memo to Jerry Spaedy and send.

Carol M. moved to send the Spaedy memo to the GVA committee members; second by Carol D.; discussion – we'll send the memo to Krueger, Spaedy, Delaney, GVA Committee, Daley. The motion carried with none opposed.

There was mention of NASBA and other state interest in the lawsuit.  
All members supported fighting the lawsuit.

Summary: we will send the Spaedy memo, Harold will attend the hearing, we will notify the committee that he will be available. Harold may ask to speak if there are amendments. Jim will be there as support. Carol M. will plan to attend.

Adjourned: 10:01 am.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

# North Dakota State Board of Accountancy

Meeting Minutes: **4/22/05 1:00 pm**

The meeting began at 1:00 pm. Participants were Harold Wilde, Carol Dobitz, George Kelly, Ron Johnke, Terry Delaney, Mary Jo Richard, Betsy Batstone-Cunningham, Jim Abbott.

## MINUTES (Jan. 6, 27, 31; Feb. 3)

Jan 6 minutes were approved on motion by Carol; second by George; carried unanimous.

Jan. 27 minutes were approved on motion by George, second by Ron; carried unanimous.

Carol D. moved approval of the Jan. 31 minutes; second by Ron; carried unanimous.

Feb. 3 minutes were approved by motion of George, second by Carol D.; carried unanimous.

## FINANCIAL REPORT (2/28/05)

Jim will send a note re. the cash reserves target. We will change the title of certain financial statement headings. Carol D. moved approval of disbursements 10800-10921; George seconded; carried unanimous.

## APPLICATIONS

Staff will handle processing of routine reciprocity, grade transfer, retired status, substantial equivalency, and exam applications – on motion by Ron, second by George, and carried.

Carol D. moved that Ashraf Elsayed not be allowed to continue writing the CPA Exam, second by George; carried unanimous. Carol D. moved to not allow Vincent Rose, Andrea Smith, and Tariq Shaikh to continue writing the CPA Exam; second by George; carried unanimous. Assisting candidates with travel costs will be limited to their application fee only. [Elsayed and Rose were allowed to write the Exam after their 12/31/04 deadline. Smith was blocked from writing, but traveled to the Exam site. Shaikh was requesting special permission to write].

## 2005-2006 BUDGET

Carol D. moved reinstatement of Steve Speaks' CPA certificate; second by Ron; carried unanimous. Jim will notify the Board of the levels of liability coverage provided by the State E&O policy. Jim will notify Vaaler Insurance that we need handicapped access, or will be vacating our office location. Jim will also check the exam applicant estimates in the budget.

Carol D. and Ron J. will represent the Board in the annual joint Society-Board meeting re. staff compensation and equipment budgeting.

## OTHER BUSINESS

Discussion re. disclaimer possibility.

## **Executive session**

Harold read instructions about moving into executive session. The Board moved into Executive Session at about 2:03 pm, to discuss the pending lawsuit re. prohibition of the use of "accountant" by unlicensed people. Bill Peterson was connected by phone; he recorded the session. Terry and Mary Jo left the meeting. The Board exited Executive Session at about 2:30. Break.

The group discussed the disclaimer approach and set a meeting for April 29, 2005, 10 am.

## **Applicant questions**

We will accept coursework credit obtained through CLEP and the military equivalent, if an acceptable college or university has accepted them for college credit.

A CMA designation does not qualify for college education credit.

A candidate who failed to meet the 50% minimum score was not granted an exception.

Todd Erickson joined the group, at about this time.

## **Sales & manufacturing exemption**

Discussion. Harold and Jim will prepare a letter regarding the intent of the sales/manufacturing disclosure, concern about linking loans and accounting services, offering auditing services, and unfair competition. Todd left the meeting.

**Rule change re. Exam fee ceiling**

No one appeared for the public hearing. There were no written comments received. Four unwritten comments were included in this meeting's agenda packet.

Carol moved to approve the rule change, pending Attorney General response; second by George; carried unanimous.

The other potential rule changes included in the agenda packet were tabled until such time as we move forward with other changes.

**Next meeting:** July 12, 2005, 1 pm, at the Grand Forks office of BradyMartz.

**Complaints**

2005-1. Carol M. had commented that this is a "he said, she said" situation, and recommend no action other than acknowledging the complaint to both parties. Ron reviewed the case and felt that we lack any substantive basis for any action. There was no objection to closing the case.

Jim gave an update on Malcolm Johnson & Co., which has had disciplinary action from Florida and the Housing & Urban Development. No action was taken.

Adjourned at 3:42.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

## N.D. State Board of Accountancy

Meeting Minutes: 5/10/05, 9:00 am (conference call)

The meeting began at about 9:00 am.

Participants at the Board office were Harold Wilde and Jim Abbott. Connected by phone were Carol Dobitz, George Kelly, Carol Mielke, Ron Johnke.

### POTENTIAL RULE CHANGE

The group discussed the possibility of pursuing a rule change to allow use of the term “accountant” and “accounting”, when accompanied by a disclaimer. The sentiment of the group was to pursue the idea.

The discussion included aspects of how such a change would be implemented. There was some sentiment for allowing non-licensees to use the term “compilation” to identify their work.

We will move in the direction of a rule change that allows use of “accountant” and “accounting”, with a disclaimer, but not allowing the performance of compilations. We will prepare the rule wording, meet with Board legal counsel, and possibly start the rule change process at the July meeting. We will wait until the July meeting before exposing the issue for public debate.

Jim mentioned that it may be December by the time a rule change will be actually effective.

### NASBA EDUCATION PROPOSALS

AICPA has issued a response to NASBA's proposed education changes; Jim had sent a copy to Board members. Brief comments were made.

ADJOURNED: 10:03 am.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

## N.D. State Board of Accountancy

Meeting Minutes: **7/12/05**, 1:00 pm

The meeting began at 1:04 pm. Participants: Harold Wilde, Carol Dobitz, George Kelly, Carol Mielke (by phone), Ron Johnke, Betsy Batstone-Cunningham, Jim Abbott.

### OFFICERS

Carol D. nominated Harold for president; second by Ron; carried unanimous. George nominated Carol M. for Secretary-Treasurer; second by Carol D.; carried unanimous.

### MINUTES

The 4/22/05 minutes were adopted with one change (in "applications" section, change "inactive" to "retired"), on motion by Carol D.; second by George; carried unanimous. The 5/10/05 minutes were approved on motion by Ron; second by Carol D.; carried unanimous.

### FINANCIALS

Carol M. to approve expenses 10922 – 11045; second by Carol D.; carried unanimous. Jim will check on the negative entry under legal expenses.

### LEASE

Carol D. moved to enter a 5 year lease, contingent on elevator installation; second by George; carried unanimous.

### BUDGET

Board expenses will be increased by \$3500, reflecting a higher per meeting estimate. Harold raised the question of changing the exam application period to 6 months, rather than 1 year. Carol D. moved approval of the budget as changed; second by George; carried unanimous.

### CONTINGENCY PLANNING

Jim reported that he had added this item to staff member goals.

### APPLICATION SPECIAL ISSUES

Manichan Rai had requested permission to continue writing beyond the expiration of his conditioning period. Carol M. moved to allow an extension of the conditioning period through November; second by Carol D.; carried on a 3:1 vote.

Bernd Gause requested credit for certain foreign education not approved by the WES credentialing service. Ron moved to deny the request; second by George; carried unanimous.

No refunds will be issued for several 120 or Experience candidates whose writing authorizations were not cancelled Jan. 1; other than those who incurred travel costs (and limited to their application fee).

A firm had shared a concern, re. problems in connection with purchasing clients. No action taken.

### INQUIRY RE. INDEPENDENCE

A firm is considering buying a software firm. They would not be considered independent for clients using the software. AICPA Code 101-3 addresses this issue, and considers independence impaired when the CPA has the ability to modify source code. If he buys the company, they couldn't provide attest services for those clients, but could perform compilations with appropriate disclosure. Harold & Jim will prepare a response.

[Kevin Austin joined the meeting at 2:02.]

NEXT MEETING: Friday, Oct. 14, 11 am, Fargo Ramada Plaza Suites.

### NASBA CONFERENCES

Two special NASBA conference are set for mid September. We will leave our participation open.

## PEER REVIEW

Carol D. moved to use an \$85 fee, but eliminate the cap; second by George; carried unanimous. The idea was raised of having a Board representative attend meetings of the Peer Review Report Acceptance Body, with confidentiality agreement signed; at least once a year. [ Break 2:20 ]

## “ACCOUNTANT” DISCLAIMER RULE CHANGE

Bill Peterson was connected by phone. He had heard from the plaintiff attorney that the parties are not supportive of a rule change offer. He would still suggest that the rule change may moot the case, and enhance our prospects with the suit. Costs could be significant. The Court could be more extreme in its remedy; with a rule change we'd control the matter. The Court could open the term “accountant” fully. Bill suggested that if we decide to advance a rule change, we also consider doing so as an “emergency” rule effective Sept. 1, 2005. To do so, we must follow Cp. 28-32-03, which requires determination that rule change involves peril to public welfare (if case is lost, public might be misled by use of terms), or loss of funds (state may have to pay all attorney fees of plaintiffs). Both of these grounds would apply in this case. The rule change would be an interim final rule. We would need to seek Governor approval of the emergency rule-making.

Carol D. moved to approve the rule change as proposed by the AG's Office (draft 1), with appropriate disclaimer language; second by Carol M.

Kevin Austin (a CPA Society Board member) spoke against any such rule change, suggesting awaiting the lawsuit outcome, and indicating the Society would support the Board in its legal efforts. Perhaps the Society would be more supportive given all that known at this point. Jim expressed opposition philosophically with the situation of acting under duress of the lawsuit.

Roll call vote: Carol D. – yes, Ron – yes, George – no, Carol M – yes. Harold – yes. The motion carried on a 4:1 vote. Harold and Jim will work on disclaimer language.

Carol D. moved to propose the rule change under emergency provisions, effective 9/1, citing imminent peril and cost issues; second by Ron J.; carried with 1 opposed.

Bill will prepare a memo for Board, which it could share with the Society.  
[Bill and Kevin left the meeting at around 3:05.]

## AICPA ETHICS CODE

The Board discussed the idea of replacing the ND code with that of AICPA, plus referring to the codes of GAO, SEC, PCAOB, etc. as applicable to the accountant's practice. Harold and Jim will prepare specific language for the next meeting.

## PEER REVIEW continued

We will investigate having Dick Brammel attend Peer Review acceptance meetings. Harold commented that NASBA is investigating greater involvement in Peer Review.

## NASBA EDUCATION PROPOSALS

Harold commented on NASBA's proposed changes to the UAA accounting education requirements. He expressed various concerns, such as the ethics mandates, measuring communication and research content, etc. Harold encouraged members to react to the proposal.

Jim mentioned there being a complaint re. use of “accountant”.

ADJOURNED at 3:48 pm, on motion by Carol M.; second by Carol D.; carried unanimous.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

North Dakota State Board of Accountancy  
Minutes from **Oct. 14, 2005** meeting

The meeting began at 11:23 am. Participants: Harold Wilde, Carol Mielke, Ron Johnke, George Kelly, Carol Dobitz, Terry Knoepfle, Terry Delaney, Jim Abbott

MINUTES (7/12/05)

Approved on motion by Carol M., second by Carol D.; carried unanimous.

FINANCIAL MATTERS

Jim will check on the 6/30/05 entry prior to check #10300. Checks 11089 and 11090 do not have a description. Disbursements (checks 11046-11182) were approved on motion by Ron J., second by Carol D.; carried unanimous.

The audit report had been circulated with the agenda packet. Carol M. moved to accept the audit; second by George; carried unanimous.

RULE CHANGE

All oral and written comments received by the Board office were included in the agenda packet. Harold had spoken with several people about the proposals also. Only two comments were received in favor of the proposed changes. "Accountant" is only restricted in the public arena, not the corporate environment. Comments received indicate a feeling that the disclaimer will not make a difference, and the public does not understand existing differences in accountants. Harold has been encouraged by many to pull the proposed change, and fight the legal challenge. Jim mentioned that it would be nice to have Risk Management Fund behind us. Carol D. commented that her position has changed, and she is now leaning toward not making the rule changes, and proceeding with the lawsuit; some points have brought out she hadn't considered. Garry Pearson was mentioned as a source of assistance. George moved to table the rule change action, consult with Garry Pearson, Mike Daley, and the Attorney General, to get additional insight regarding case outcome probability, and reconvene by conference call; second by Carol D.; carried unanimous. Jim will plan to prepare a newsletter article.

OTHER BUSINESS

UAA PROPOSALS: Discussion. Harold & Jim will prepare a response with concerns about some of the proposals. [Break]

MN EQUIVALENCY: MN substantial equivalency is basically a reciprocal process, measuring adherence with their requirements. Jim suggested perhaps encouraging their changing their approach, but not tightening our process in response. No action initiated.

NEXT MEETING: Dec. 16, 12 (11 am lunch).

PROFIT SHARING QUESTION: With non-attest clients, the licensee's proposed financial arrangements should be OK. The Board would include compilations for this purpose. Harold & Jim will prepare a letter to the licensee.

FIRM NAMES: We will remove the January 1990 interpretation re. "Jones & Co., Accountants", when there is only one CPA in the firm. The other three firm name interpretations listed will be retained (Sept. 1988, July 1991, Jan. 1990). We will notify the firm that had contacted the Board (which lead to a review of the issue).

RECORDS TRANSFER: We will ask Mike Daley to revisit his view of sharing a client list with a prospective firm buyer. We likely need to amend the confidential records language in the statute, to allow for practice sale inquiries, etc.; we will plan for the next Legislative Session.

PRP: Our current coordinator will be retiring next year. Jim will send the PRP agreement to the Board. The group discussed expanding peer review to firms performing compilations. Harold and Jim will explore related cost issues.

CPA EXAM WRITING: We may allow a person to write the Exam if the Board is assured the applicant will complete the education within 6 months of the application date.

ITEMS AVAILABLE: Jim listed various items which are available for Board review: 2 PCAOB reports, national firm legal issues, a NY letter re. a board-owned examination.

ETHICS CODE: Re. replacing our existing code with national codes. Harold and Jim will visit with Daley about using a fixed date in such a rule, and having to continually update it. Harold & Jim will explore adding the idea of an ethics CPE requirement.

#### COMPLAINTS

There is one open complaint.

ADJOURNED at 2:43 pm.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date



North Dakota State Board of Accountancy  
Special Meeting: **Nov. 10, 2005**

The meeting began at 4 pm.

Participants: In Grand Forks: Harold Wilde, Kevin Austin, Ron Johnke, Jim Abbott; in Bismarck: Carol Mielke; in Moorhead: Carol Dobitz, George Kelly.

Harold received favorable reaction to the amended wording, from people who opposed the earlier rule change proposal. We do not need to repeat the rule process to amend the wording. We have visited with Garry Pearson who felt that our odds were favorable. There is concern that in federal court we would not prevail with Judge Webb.

Carol D. moved to bring the issue back onto the table; Carol M. second; carried without dissent.

Harold commented that the last such situation was in state court. The AG Office will not support the lawsuit, but would place any such effort in our arena. Harold had spoken with a party who felt that with current language, Judge Webb would side with the plaintiff, and not allow a complete ban on the term "accountant". With a disclaimer, the thinking is that Judge Webb would not side with the plaintiff. The AG Office has indicated that the plaintiff is considering retracting the complaint, given the disclaimer rule change. If we choose to pursue the lawsuit, it would be fully our financial burden, with possible costs of about \$100K (including plaintiff legal fees). The AG Office reviewed material provided by Garry Pearson, but still felt we would lose the case. The AG staff had met, and our concerns were brought forward.

Perhaps we would allow a smaller font size in the future, but the sentiment was to retain the print usage details sentence.

Carol M. moved to adopt the rule change as amended (using the AG recommended language), pending AG approval; second by Carol D.; carried unanimous.

This language draws attention to the fact of the individual not being a CPA, and may help counter future efforts to create a new credential.

It was suggested that the quotation marks belong outside the punctuation.

The meeting adjourned at 4:25.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

North Dakota State Board of Accountancy  
Board Meeting: **Dec. 16, 2005**

The meeting began at 12:12 pm.

Participants: [in Grand Forks: Harold Wilde, Ron Johnke, Jim Abbott], [in Bismarck: Carol Mielke], [in Fargo: Carol Dobitz, George Kelly, Terry Knoepfle, Stan Sandvik, Dick Brammell, Terry Delaney].

#### MINUTES

The 10/14/05 minutes were approved on motion of Carol M., second by Carol D.; carried unanimous. The 11/10/05 minutes were approved on motion by George, second by Ron; carried unanimous.

#### FINANCIALS

Disbursements (checks 11183 – 11255) were approved on motion by Carol D., second by Carol M.; carried unanimous. The Oct. 31, 2005 financial report was briefly discussed.

#### POSITIVE REVIEW PROGRAM

Dick Brammell reported on the program's operation. One of the PRP submissions was considered substandard. The accountant will be directed to submit work for earlier review, but this will not change the firm's review cycle. It was suggested that his CPE be checked. Dick will send a written report to Jim and the corrective letter to Harold. Dick left the meeting after his report.

#### OTHER ITEMS

Harold reviewed the current rule change effort ("accountant" disclaimer). The rule change as advanced requires a specific declaration that the individual is not a CPA. Terry Knoepfle commented that the CPA Society is still opposed to the changes; the move seems to be in the wrong direction in terms of public protection; accountant's ratings have almost fully recovered from the national problems, but allowing anyone to call themselves an accountant, the ratings will go down. Stan Sandvik commented that the lawsuit could have been fought, and asked if the wording could limit reporting. However, reporting on financials is prevented elsewhere in regulation. Stan also raised the question of who will monitor this new situation, and does this weaken the ability to resist efforts to create a new classification. Other questions raised: Was there discussion about adding minimum education? [No]. What if accountants get frustrated with the demands of regulation, and give up their CPA credential, and become a regular "accountant"? Perhaps at some point regulation could be broadened to cover all accounting. There were other comments re. the Legislative rules hearing not yet set, what that group might do, the potential for lobbying the group. Terry Knoepfle left the meeting at this time.

#### PEER REVIEW

Harold expressed interest in having the peer review program cover all firms. At present, it is required only of audit and review firms. This change would level the playing field. Stan commented agreement with this argument, and indicated that the review could cost \$300-\$400.

When asked about the Society considering a lower cost for certain reviews, Stan indicated that the Committee would have to consider, but he would encourage a lower fee.

Ron moved to draft a rule change extending peer review to all firms (with AICPA standards at minimum); second by Carol D.; carried unanimous. Carol D. suggested working with the Society in the drafting process; Stan indicated willingness. Harold and Jim will draft the language, working with the AG, etc.

#### ETHICS CODE REVISIONS

Harold recommended we adopt by reference the code of the AICPA and other bodies. Jim indicated that the rule change should not refer to future national changes, but that we could add new dates when other rule changes are made. Carol D. moved to include this initiative in our rule changes; second by Carol M.; carried unanimous.

#### CPE ETHICS REQUIREMENT

The group discussed the possibility of adding an ethics CPE component. Harold had visited with people at a recent CPE session; the sentiment was that such a provision wasn't a bad idea, but was somewhat of a "window dressing". Harold includes ethics content within updates that he leads. Ron and Jim expressed reservations to enacting a requirement – the need to have large numbers of people in a firm meet this new

CPE need, lack of a demonstrated need in this state, the difficulty reversing such a provision in the future. Harold commented that he and Jim had met recently, and spoke about making the CPE form ethics affirmation more prominent. The provision will not be pursued for now.

#### PEER REVIEW ISSUES

Stan indicated the board could have a representative at RAB meetings, if the observer is not a board member, and a confidentiality agreement is signed. Harold commented that a Board member should be able to attend; this exclusion was unacceptable to participants at a NASBA meeting. Stan reviewed the oversight mandates in the AICPA program, mentioning that ND has a variance (1 oversight of each type, instead of 2). We have no real issues or problem reviewers in ND. Harold indicated that the non-board member RAB observer issue would not be pushed at this point. Stan and Terry D. left the meeting.

#### OTHER BUSINESS

Carol M. moved to not grant a waiver in the 12/31/04 exam-completion provision for W. A. Wahab; second by Carol D.; carried unanimous.

George moved to deny a request for re-interpreting the foreign academic credentials of Malik Iqbal; second by Carol D.; carried unanimous. Iqbal is actually 6 accounting credits short (fundamentals should not be included in the accounting total). Such matters will remain subject to board appeal.

Jim had provided a memo, re. examining of client records, which suggested it may be prudent to edit the language of the law.

NEXT MEETING; 4/21/06, in Fargo (lunch at 11; meeting at 12)

#### OTHER RULE CHANGES

- Carol D. moved to retain the June 30 license form due date, but make the late fee effective after 7/31; second by George; carried unanimous.
- Renewal fee to reactivate a relinquished certificate: Jim will outline our related current processes, and the matter will be considered in April.
- Exam application length – no change will be initiated
- Jim will prepare rule wording re. peer review submissions at the direction of the board (vs. for all firms) [note: submissions could be eliminated, in light of Board RAB participation].
- CPE for article authorship – this will not be pursued.
- Narrowing the 120 hour CPE requirement to public accounting -- Jim and Harold will work on related rule wording, and bring forward later. We will check AICPA's CPE levels.
- Harold and Jim will check the wording of the standards and principles rules.
- License fees will not be increased.

Jim raised the potential of NASBA issuing grades to candidates. The idea was raised of having NASBA add an "unofficial" disclaimer on the grade notice. We will leave the grade notice procedure as is.

#### COMPLAINTS

A signed commitment letter has been received. There was no objection to closing the case (2005-2).

ADJOURNED at 2:18.

\_\_\_\_\_  
Carol Mielke, Secretary

\_\_\_\_\_  
Date

**Board stipend calculation / meeting attendance**

Board members are paid \$300 per day or part, not to exceed \$1200. Paid in June.

Date                      Board members participating:

..... **Fiscal year 2005-06** .....

7/12/05	Harold Wilde	Carol Mielke*	Carol Dobitz	Ron Johnke	George Kelly
10/14/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
11/10/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
12/16/05	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly
4/21/06	Harold Wilde	Carol Mielke	Carol Dobitz	Ron Johnke	George Kelly

..... **Fiscal year 2006-07** .....

7/7/06	Harold Wilde		Carol Dobitz	Ron Johnke	George Kelly
9/22/06	Harold Wilde	Rick Lee	Carol Dobitz	Ron Johnke	

Other Business

7/ /05	Admin. Rules Committee presentation: Carol Mielke				
5/9/06	Meeting with Bill Peterson: Harold Wilde Carol Mielke				George Kelly
6/13/06	Admin. Rules Committee hearing: Harold Wilde Carol Mielke				

4/22/05: Staff will handle processing of routine reciprocity, grade transfer, **retired status**, substantial equivalency, and exam applications – on motion by Ron, second by George, and carried.

Board member	Term begins	Term ends	Prior term
Carol Mielke – 1 <sup>st</sup> term	2001	2006	
Carol Dobitz – 2 <sup>nd</sup> term	2002	2007	1996-2001
Ron Johnke – 1 <sup>st</sup> term	2003	2008	
George Kelly – 1 <sup>st</sup> term	2004	2009	
Harold Wilde – 2 <sup>nd</sup> term	2005	2010	2000-2005
Rick Lee – 1 <sup>st</sup> term	2006	2011	

North Dakota State Board of Accountancy

**Minutes: 4/21/06 12 noon.**

Ramada Plaza Suites, Fargo

The meeting began at 11:54 am, with the following in attendance: Harold Wilde, Carol Dobitz, Carol Mielke, George Kelly, Ron Johnke, Terry Delaney, Jim Abbott

MINUTES (12/16/05)

Carol D. moved approval; second by George; carried unanimous.

FINANCIAL REPORT (2/28/06)

Jim will check into whether we can eliminate the ongoing exam writing approvals for each part. Jim will register Harold for the NASBA meeting. Carol M. moved approval of disbursement checks 11256-11407; Carol D. second; carried unanimous.

BUDGET

Carol D. and Ron J. will serve on the joint compensation / equipment committee. Harold will send E.D. evaluation forms to the group.

Jim will prepare a rule change to raise the annual certificate renewal fee, using a "not to exceed" approach.

RULE CHANGES

Discussion / comments: accept option 1, with fine tuning of the phrase "CPA, LPA, or licensee"; idea: have guidance available re. what we would consider an acceptable disclaimer; perhaps re-insert some of the last sentence; meet with Bill Peterson to orchestrate the changes; keep state board of accountancy". Ron moved, Carol D. seconded, that Jim and Harold will work out the language refinements in option 1; carried unanimous. Jim will notify the group when the related meeting is arranged with Bill Peterson.

Harold suggested holding off on the other possible rule changes, until we are finished with the disclaimer rule issue. It was suggested to hold a special one day session to address rule changes. Break. Terry Delaney left the group.

Jim & Harold will work on arranging a (September?) meeting to address rule and law changes.

QUESTIONS

FIRM LICENSURE: We will limit the March 1991 interpretation to situations not involving reporting on financial statements. A firm that does not market itself / use the CPA credential here and does not report on ND client financial statements need not be licensed here.

LAW FIRMS: A law firm not using the CPA designation and not performing financial statement reporting, but doing tax work, does not need a firm permit. CPAs within the firm who do tax work, and use the CPA credential on letterhead and cards, need not be licensed as practice units, but do need the full complement of CPE.

SUBSTANTIAL EQUIVALENCY: For substantial equivalency applications we will not require an ethics examination.

HOME ADDRESSES: We will not provide home addresses to the AICPA for membership uses. We will continue not charging a fee when we do provide licensee listings.

EXPERT TESTIMONY: The board had decided earlier that expert testimony is not considered public accounting. Legal counsel was not concerned with allowing expert testimony by a CPA from elsewhere, and did not consider it misleading to indicate that other-state status. Licensure could be expected if testimony is judged to be public accounting. We will continue as is.

Jim will check whether licensure for peer review is addressed.

EXAM SCORES: It is possible to use a different score notice, that indicates that grades are subject to board approval. No action will be taken on this matter.

GRADE TRANSFER: The grade transfer provisions could be construed to limit transfer to those candidates who met ND writing requirements at the time of passing. Legal counsel indicated that as long as the candidate's grades meet ND grade-related rules (eg. writing all parts, conditioning period, minimum score, etc.) credit should be given; we will follow this approach.

FOREIGN EXPERIENCE: For meeting the 4 year experience option we will not use a specific percentage of allowable time spent for such things as training, etc. There had been a question about "articleship" as experience, but no limitation was advanced.

CONCENTRATION: Financial statement analysis will count in the accounting concentration.

NEXT MEETING: 7/7/06, in GF.

NASBA ELECTIONS: no action was taken.

#### COMPLAINTS

2006-1. The accountant was an advocate for the taxpayer, but also served as an advocate for the taxpayer's new employer (in effect becoming part of management). This appears to be a conflict of interest – giving the employer a potential for an unfair advantage. We will issue a letter to the accountant and close the case. Harold will prepare the letter.

2006-3. The accountant took on the engagement, knowing that timing was important. Jim will check with legal counsel re. whether it is appropriate to provide the complaint to the accountant. Legal counsel is involved, so we may not belong in the midst. If OK'd, we will provide the complaint to the accountant and ask for more detail about the gap in service; the client had understood that the accountant would contact them.

PRP FINDING: A firm's reports indicated inappropriate categorization of investments, and the problem had not been corrected from the prior submission. We will conduct an investigation of the firm's accounting practice, with a Board-retained reviewer. Harold and Jim will engage an investigator. The matter should be addressed before the 6/30/06 permit renewal. Following the investigation, consider statement recall, etc.

2006-2 will be closed.

2006-4. Jim provided an update.

No further action will be taken re the Saraff company, or Yellowpages.com listings.

#### OTHER MATTERS:

An appeal from Nicholas Guest to extend the exam conditioning time was not granted.

We will invite Dick Brammell to continue as PRP coordinator.

Adjourned at 3:29, on motion by Carol D., second by Carol M.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

North Dakota State Board of Accountancy

**Minutes: 5/9/06 11:30 am.**

By conference call.

The meeting began at 11:30 am.

Participants: Harold Wilde, Carol Mielke, George Kelly, Jim Abbott, Bill Peterson, Monte Rogneby, Terry Delaney

Bill Peterson had developed several possible options for revising the proposed disclaimer rule. The Board had selected option 1 with some editing – fine tuning the “CPA, LPA, or license” phrase, perhaps re-inserting some of the last sentence, and retaining “board of accountancy”.

Discussion.

Option 1 will be edited to read: “... For a person the disclaimer must state that the person is not a CPA or LPA. For a firm the disclaimer must state the firm is not a CPA firm or LPA firm. ...”

The Board could prepare guidance related to the disclaimer, but it would not be binding on a court or prosecutor. Peterson suggested qualifying the advice, to indicate that the Board is not the final authority.

Peterson raised additional concerns, regarding whether the disclaimer should be exempted in such cases as concert ads, listings, newspaper “signature” ads. There are also situations where a third party may determine how a company is listed, such as a directory.  
Carol Mielke left the meeting.

If the Legislative Council Committee makes some other changes in the wording, the Board may have to vote on that change. At the June 13 Committee meeting: Bill Peterson will be the presenter; Harold Wilde will be available for questions.

Monte Rogneby shared a few reactions, including that today’s changes eliminate some concern, but practicality is still an issue – dealing with sports, phone books, etc.

Adjourned: 12:20 pm

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

North Dakota State Board of Accountancy  
Meeting Notes: **July 7, 2006 12 noon**

The meeting began at 12:10.

Participants were Ron Johnke, George Kelly, Carol Dobitz, Harold Wilde, Jim Abbott.

#### OFFICER SELECTION

Carol nominated Harold as president; second by George; carried unanimous.

Carol nominated Ron for secretary; second by George; carried unanimous.

#### MINUTES (4/21/06 & 5/9/06)

Carol moved approval; seconded by George. Carried unanimous.

#### FINANCIAL REPORT

Discussion. Harold suggested increasing the board stipend. We will include this item in the upcoming rules meeting. George moved approval of disbursements 11408 through 11531; second by Carol D.; carried unanimous.

#### 2006-7 BUDGET

Harold commented we would acquire whatever equipment is needed for operations. He suggested using a higher hourly rate for the part time positions next year. Carol D. moved approval of the proposed equipment budget, staff salaries, general budget, and flex time amendment for the policy manual; Ron seconded; carried unanimous.

#### RULE CHANGES

Harold discussed the disclaimer rule change which was recently approved. Jim will send notice to the NDSA. Harold indicated that he would like to have the part time staff review phone book listings, and notify those using an "accounting" title about the disclaimer requirement. He had indicated to a society representative that any legislative battle about accounting credentialing would be a matter for the Society to handle; the Board would not testify pro or con.

The Board will meet for a rule review meeting, September 22, 10 am to 4, at the Grand Forks BradyMartz office. We will invite the NDSA and NDSCPA to send 1 representative to participate in the meeting. Jim commented that there has been concern expressed about the June 30 form due date / late fee approach.

#### ADA REQUESTS

Staff will handle future ADA requests, bringing only unusual cases to the Board. We will insist on medical verification for any special provisions provided. There was no objection to granting the specific ADA request raised in this meeting.

#### CPE AUDITING

The group discussed whether to conduct a sample audit of CPE claims. We will conduct a sample this year. If there are no problems, we will revert to using the current review system. We will select a random sample of 50, plus 10% of those claiming a home state exemption.

#### FIRM ADVERTISING REQUEST

A CPA had written requesting the ability to advertise under an accounting classification. The Board sentiment was that if he wishes to use the CPA credential, then CPE would be expected.

#### COMPLAINT RECORDS

There was no objection to purging complaint files after 10 years and not retaining any notation within the database.



#### AVAILABLE ITEMS

Jim mentioned having three items on hand – a NASBA report citing discipline of a large firm, an Roger Reinhart endorsement letter, and a PCAOB report.

#### AUDIT

There was no objection to engaging the Drees Risky Vallagher firm for the Board's audit.

#### EDUCATION

Economics will not count toward the accounting / business concentration. Business Law will always counts under the Business concentration. Money & Banking is not to be counted under the Business concentration. We will watch for unusual classes within the business rubric.

#### CPE EXCEPTION

The group was agreeable with allowing a CPE make-up period of Dec. 31, for an illness case.

#### COMPLAINTS

Harold discussed the 2006-3 case. We will send an admonishment letter, and close the case. 2006-4 will be closed. We will also close 2006-6, and have him get properly licensed.

ADJOURNED at 1:45 pm.

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Date

## **North Dakota State Board of Accountancy**

A special meeting to address potential regulation changes

Meeting notes: 9/22/06 Grand Forks

Participants: Ron Johnke, Carol Dobitz, Harold Wilde, Rick Lee, Velma Bjorgum, Kevin Austin, Jim Abbott, Mary Jo Richard. Absent: George Kelly.

The meeting began at 10:11 am.

Rick was welcomed to the board. Participants introduced themselves.

### **Interstate mobility**

We could offer temporary practice privileges, or streamline our substantial equivalency process. Harold and Jim will work on language for a “driver’s license” approach, including law change wording. The issue was raised as to whether this would apply to non-CPAs. The new disclaimer approach would be available to those not licensed.

### **Accounting concentration**

We will initiate a rule change to specify 30 hours of other business, and alter our interpretation to allow Economics within the other business portion of the concentration (when economics is the rubric or in the class title); we will limit Economics to six credits. Money & Banking will count only if it has an allowable rubric (e.g. ECON, MGMT, etc.). We will have the new interpretation be effective at about the time of the 30 credit rule change.

### **Peer Review**

The peer review program could be expanded to those firms providing compilation services, and the board could remove itself from the actual document review process. Perhaps the firm permit fee could be eliminated. We could have a non-board-member representative meet with the report acceptance body. Jim raised the potential of unintended consequences, in light of the added costs, etc. Another approach would be to increase our existing review practices.

The peer review records would not be public record.

We will contact the Society about their fees for these compilation peer reviews.

Break at approx. 11:45. Kevin Austin left the group. Reconvened at 12:13 pm.

### **Ethics code**

Jim raised caution about adopting a substantive code of ethics, with implications we may not realize. Harold & Jim will examine the NSA code in comparison with that of the AICPA.

We will move toward using a reference to external codes and eliminate the North Dakota code.

A question was raised as to where other states are doing this.

**Late fee:** We will move ahead with making the renewal late fees effective July 31.

**Increasing fees:** We will take a “not to exceed” approach with the renewal fee rule; using an \$80 fee.

**Firm permits:** We will head in the direction of perhaps eliminating the firm permit and fees. Question was raised about a firm permit being required for an individual. Perhaps we would still collect a firm report of some type, from the firm leaders, but do this through the renewal form for sole practitioners. Jim will check other states re. the no firm permit approach.

### **Reinstatement**

The group was agreeable with adding a \$100 reinstatement fee for involuntarily relinquished.

**License fees:** We will not initiate a renewal fee increase.

**CPE requirement changes**

The group discussed changing the statute definition of “public accounting” to *reporting on historical or prospective financial statements, and performing agreed procedures engagements*. Otherwise no other CPE requirement changes will be made.

**Auditing standards / accounting principles**

These should be covered in the AICPA code, and we’ll need to make sure they’re covered in the NSA code. Jim will check on internet access to the NSA code, and send a link to the board.

**Ethics CPE:** We will not pursue such a requirement

**Authorship CPE:** No CPE credit will be proposed for this activity.

**Additional firm reports:** No change will be advanced at this point.

**Reapplication timeframe**

We will change the Exam “application life” to 18 months. Jim will give some thought to the exam fee. Jim will also check on the average time taken to complete the CPA Exam.

**Board stipend**

We will pursue a rule change increasing the stipend to \$500 per day, not to exceed \$2000.

**Confidential communications**

Jim will draft language to amend the confidential communications section of the statute, to address practice sale inquiries.

**Reciprocity**

Jim will prepare language to streamline the reciprocal entrance provisions [in statute], to move away from referring to our regulations in place in the past.

**Temporary practice:** Jim will examine other states regarding temporary practice provisions.

**4 – in – 10 Provision:** We will not pursue a statute amendment to enact such a provision.

Adjourned at 2:30 pm.

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Secretary-Treasurer

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Date

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**North Dakota State Board of Accountancy**

Meeting notes: 12/11/06 3 pm Grand Forks

Participants: Ron Johnke, Harold Wilde, Jim Abbott

This was a special meeting addressing various potential regulation changes.

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Secretary

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Date