

Montana Board of Public Accountants

MAY 2017



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The Honorable Steve Bullock Governor of Montana

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Upcoming CPE Audit

The Board of Public Accountants recently set the parameters for the upcoming CPE audit. NASBA will begin the 2014-2016 CPE audit July 1. The Board determined that a CPE audit will be conducted on 50% of the eligible licensees.

If you have an active permit license that was issued prior to 2014, you will be included in the eligible licensee pool and you could find yourself on the audit list. Each year the list of audited licensee is randomly selected from the eligible pool. Even if you have been audited before, you could be selected for audit again. It is truly a random audit selection process each year. Getting selected one year does not remove you from the eligibility pool the next year.

Increasing the percentage of audited licensees to 50% will mean that many licensees selected for audit will be repeats from last year. Now is the time to ensure that your CPE tracking system information is current. If you are selected, it will be a simple process to submit your record to the Board for audit.

Board rules require anyone selected for a CPE audit must submit their documentation through the CPetracking system.

"NASBA will begin the 2014-2016 CPE audit July 1. The Board determined that a CPE audit will be conducted on 50% of the eligible licensees."

A MEMBER OF
NASBA

Vuckovich Honored

The Montana Society of Certified Public Accountants (MSCPA) is pleased to announce that Great Falls CPA, Dan Vuckovich, Anderson ZurMuehlen & Company, has been named the George D. Anderson Distinguished Service Award recipient for 2017.

The Distinguished Service Award is MSCPA's highest honor. Its purpose is to recognize CPAs who have demonstrated a commitment to enhancing the profession locally, national or internationally as well as their service to the public. Dan's career defines these criteria.

Dan's leadership is exemplary, taking on various roles at the state and national level for the Montana Society of CPAs, including that of President and AICPA Council Representative. He currently serves as the Chair of the State Board of Public Accountants and accepted a national appointment to NASBA's Uniform Accountancy Act Committee. He has been instrumental through several legislative sessions, providing testimony on bills that enhance the accounting profession and CPAs' ability to serve the public.

The George D. Anderson Distinguished Service Award will be presented to Dan at an honorary luncheon on June 22 at MSCPA's 104th Annual Conference in Billings. Contact the Montana Society of CPAs for ticket information.



LETTER FROM THE BOARD CHAIR: ANNUAL CPE AUDIT AND TITLE OF MANAGEMENT ACCOUNTANT

In the January newsletter, I mentioned that we had some disappointing results from the 2016 CPE audit. There were 334 licensees selected for audit (20% of total licensees) and their audit findings were as follows:

- » 249 Passed the CPE audit
- » 3 Still in progress waiting for additional information
- » 27 Did not comply with the audit
- » 55 Failed the CPE audit

The 27 that did not comply with the audit and the 55 that failed make up 24.6% of the total licensees audited. At our State Board's May meeting, we discussed these results and as we were preparing for the 2017 CPE audit, we could not determine if the 2016 results were just an anomaly or if this was a real issue that needs to be addressed. In order to get a handle on the situation, the Board decided to expand the 2017 CPE audit from 20% to 50% of the total licensees. With this increase

you can expect some of us that were selected for the 2016 CPE audit will be picked again for the 2017 audit (yes I was audited in 2016). The good news for those of us that were audited in 2016, your CPE information for 2014 and 2015 is already in our CPE tracking system therefore you will only have to enter your 2016 CPE information. For those of you that have not had the pleasure of being selected for a CPE audit in the past, you may want to enter your CPE information into our CPE tracking system. It is a great way to have all that information in one place and it is required if you are audited.

If you need help with the CPE tracking system, please contact the Board of Public Accountants office and they will help you with the process.

Another issue the Board must address during the next year is the use of the title of management accountant. Recently the NASBA and AICPA Boards of Directors voted to expose a proposed amendment to the Uniform Accountancy Act that would, if adopted by state legislatures, allow the use of bona fide management accounting titles with certain caveats and restrictions. Currently in Montana if a non-CPA uses the Charter Global Management Accountants (CGMA) designation they are in violation of current Montana statute:

Under Montana statute **37-50-301. Illegal use of title.** (4) A person or firm may not assume or use the title or designation "certified accountant", "**chartered accountant**", "enrolled accountant", "licensed accountant", "registered accountant", or any other title or designation likely to be confused with "certified public accountant", "licensed certified public accountant", or any abbreviations likely to be confused with "CPA". However, a foreign accountant may use the title under which the foreign accountant is generally known in the foreign country, followed by the name of the country from which the foreign accountant's certificate, license, or degree was received, and a person who is licensed as an enrolled agent by the internal revenue service may use the title "enrolled agent" or the abbreviation "EA".

The proposed amendment to the Uniform Accountancy Act (UAA) would read as follows:

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*Dan Vuckovich, CPA
Chair*

LETTER FROM THE BOARD CHAIR (CONTINUED)

(q)(1) Notwithstanding any other provision of law to the contrary, an individual may use an accounting designation that includes the word "management", conferred by a bona fide nationally recognized accounting organization such as the American Institute of CPAs, the Chartered Institute of Management Accountants or the Institute of Management Accountants, provided the designation does not purport to confer the right to perform audit, attest or compilation services as defined by any state or foreign jurisdiction.

(2) An individual using an accounting designation in accordance with the provisions in Section 14(q)(1), who does not also maintain a license or practice privilege, shall not:

(A) offer or render audit, attest or compilation services for the public, except under the supervision of a licensee operating within a CPA firm that holds a permit issued in this state or another state.

(B) offer or render tax services to the public, while using such a designation, except within a CPA firm that holds a permit issued in this state or another state.

(C) establish, participate in, or promote a business that markets itself by reference to a designation in 14(q)(1) and is not also a CPA firm that holds a permit issued in this state or another state.

(3) The Board may take such actions, as authorized in this Act, to prohibit the use of any accounting designation in this State that does not meet the criteria of this section.

The State of Montana is under no obligation to follow Uniform Accountancy Act (UAA); however the UAA is often used to form Montana statute and rules. Therefore, the Board would be interested to hear your opinion on whether a non-CPA should be able to use the Charter Global Management Accountants (CGMA) designation. As always the Board is very interested in hearing licensees' opinions, so please share those opinions with the Board.

CPE AUDIT & CPETRACKING SYSTEM

SYSTEM FOR CPE DOCUMENTATION SUBMISSION

NASBA will begin the 2014-2016 CPE audit on behalf of the Board of Public Accountants in early July. The Board rules require that all licensees selected for CPE audit must submit the CPE documentation via the NASBA CPetracking system.

All permit holders, if you have not yet accessed the CPetracking system for the first time and need your login information resent, please send an email to dlibsdpac@mt.gov and your information will be emailed to you. Inactive permit holders, you are not required to take CPE while your license is on inactive status. If, in the future, you want to reactivate your inactive permit, you will need to provide the CPE documentation through the CPetracking system to reactive your license. At the time of your reactivation request you will be provide with the CPetracking system login information. All licensees originally licensed with the Montana Board of Public Accountants in 2017 will receive the CPetracking system login information but note that your CPE requirement is 2018-2020.

A link to the CPetracking system can be found on the Board website and the MSCPA website under the Members tab.

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CPE Rules

The Board of Public Accountants is proposing amendments to the CPE rules to align them with the newly adopted NASBA CPE Standards. The rules propose additional alternatives to the type of CPE that can be completed, and adds a requirement that a minimum of 50% of the total CPE requirement come from technical fields of study.

The proposed amendments will define technical fields of study. This concept is to underscore the very purpose of CPE. While allowing for a wide range of subjects to meet the basic requirement, the purpose of CPE is to contribute directly to the professional competence of an individual licensed to practice public accounting. To maintain competence and enhance public protection, a portion of CPE should focus on the very core of the public accounting practice.

At the same time the Board is proposing adding several new education program delivery methods. It is essential for CPE to remain relevant and fulfill the intent of enhancing professional competence to protect the consuming public. This means that the way CPE is delivered needs to evolve. It is proposed that self-study, blended learning, nano-learning, serving as a technical reviewer of CPE courses, and work on technical committees will be approved methods of obtaining CPE.

Be on the lookout for the email notice of proposed rule amendments. This will outline the changes being proposed and include the timeframe to submit comments on the proposed changes. The Board encourages you to take the time to review the proposed amendments and make comments.

PERMIT HOLDER BENEFITS

- Records are submitted and stored online, reducing the need for paper filing.
- Credits are entered using the basic online form and completion documentation can be attached.
- Accounts are available online for all permit holders to access and add/edit records until they are required to submit their records to the Board for audit.
- Permit holders can download and export the records they have entered into a spreadsheet for personal record keeping or choose a printer-friendly version of their CPE records.
- CPE credits are submitted to the Board at the click of a button.

Things to Remember

- All active permit holders are required to maintain 120 hours of CPE, including two hours of ethics, to maintain an active license.
- For the 2017 renewal, the 3-year basic CPE requirement of 120 hours, with a subset of 2 hours of ethics, must be completed between January 1, 2015 and December 31, 2017.
- If you are selected for random audit you must report your CPE and attach acceptable documentation using the CPetracking system.
- The CPetracking system is available 24/7.
- At any time you can add courses as you complete them, upload course completion documentation, and track your compliance with meeting the mandatory 120 hours of CPE (with a subset of 2 hours of ethics) in a 3-year period.

CPE AUDIT & CPETRACKING SYSTEM (CONTINUED)

The MSCPA is able to directly load course information for all CPE completed through the State Society. You will not be required to provide any additional information for those CPE courses. Any course that was not completed through the MSCPA will require you to add the documentation to the CPetracking system to be complete.

The CPetracking system will be required if you are selected for a CPE audit. If audited, you will be required to report all of your CPE using the CPetracking system. Because CPE is a 3-year requirement, if you are selected for audit, you will be required to have the past 3 years (2014-2016) of CPE on the CPetracking system. It is a good idea to add courses as you complete them to eliminate the need to add three years of back hours if selected for audit.

There is an instructional video on logging in for the first time by clicking CPetracking login video. You will need to include your entire license number of PAC-CPAP-LIC-#### when logging into the system. Once you are logged in, there are a variety of tutorials available to assist you in using the system. Look for those helpful tutorials through the CPE reporting process.

Remember, the system is not just available to those licensees selected for CPE audit. All permit holders have been provided an account. This system is a great tool in managing your CPE and is available 24/7. At any time you can add courses as you complete them, upload course completion documentation, and track your compliance with meeting the mandatory 120 hours of CPE (with a subset of 2 hours of ethics) in a 3-year period. We suggest that even if you aren't selected for CPE audit this year, and if haven't already, that you begin tracking your CPE on the system. If you are selected for audit in the future, you will already have the courses and documentation loaded and ready to submit.

NEW OFFICERS ELECTED

At their May meeting, the Board of Public Accountants elected Kathleen VanDyke as Chair for the upcoming year. Kathleen will take over as Chair July 1.

Kathleen serves as one of the two required public members on the Board. She was born and raised in Kalispell, where she practiced law for a number of years. Fourteen years ago she headed "south" and now resides in Bozeman. She transitioned from practicing law to mediation, and now juggles the myriad of details in running a small ranch and caring for livestock.

Kathleen previously served as a public members on the Board of Public Accountants from 2002 to 2007, serving as chair for the last year of that term. After a short hiatus she was appointed again in 2010, and reappointed for another 4-year term in 2014.

Kathleen believes that the work the board performs is vital to the protection of the public and also believes that her input as a public member, i.e., some who is not affiliated with the practice of public accounting, is important to the regulatory process. When speaking of her service on the board, Kathleen says, "I have enjoyed my service on the board, and appreciate the professionalism, knowledge and humor of the members."

Michael "Mike" Huotte, CPA, was elected Secretary of the Board. Mike was born and raised in Anaconda. He graduated from Montana Tech with a BS in Business Information and Technology, and a minor in Computer Science.

Mike passed the exam and received his CPA license in 2009. He worked for Anderson ZurMuehlen & CO., P.C. for 3 ½ years with a primary focus on audit of non-profits, single audits, and audits of healthcare organizations. He is currently employed with the Montana Department of Transportation as the District Financial Officer for the Butte District.

In addition to his "day job," and a member of the Board, Mike serves several community boards.

We congratulate both Kathleen and Mike.

SUCCESSFUL LAUNCH FOR NEXT VERSION OF CPA EXAM

The American Institute of CPAs (AICPA), National Association of State Boards of Accountancy (NASBA) and Prometric are pleased to announce the successful launch of an updated version of the Uniform CPA Examination.

The next generation Exam, which began testing on April 1, has added additional assessment of higher-order cognitive skills that test a candidate's critical thinking, problem solving and analytical ability. The Exam also makes greater use of task-based simulations (TBSs) as a means of assessing these higher-order skills. Recent research confirms that CPAs are now performing tasks that rely upon these skills earlier in their careers.



"The roles and responsibilities of newly licensed CPAs are constantly evolving, so it's crucial for the CPA Exam to stay ahead of the curve. The CPA Exam now better reflects the knowledge and skills essential to today's profession," said Michael Decker, AICPA vice president of examinations. "With an eye toward the future, we'll continue to work with stakeholders to ensure that the CPA Exam, along with the experience and education requirements, maintains the high bar for entry into the profession."

The Exam provides assurance that individuals who pass have the technical knowledge and skills necessary for CPA licensure. The current, relevant, reliable and legally defensible Exam maintains the profession's commitment and mandate of the Boards of Accountancy to protect the public.

"The new Exam Blueprints demonstrate the continuous enhancement model of the Uniform CPA Examination," said Colleen Conrad, CPA, NASBA executive vice president and chief operating officer. This strengthens the public protection role of Boards of Accountancy by enhancing the examination portion of the licensing model (education, examination and experience) used to regulate more than 700,000 licensees throughout the U.S.," she continued.

Among the most important changes to the CPA Exam:

- Exam Blueprints containing approximately 600 representative tasks across all four Exam sections are available on the AICPA website. The blueprints have replaced the Content Specification Outline (CSO) and Skill Specification Outline (SSO) as CPA candidates' primary source of the content and skills that they will be tested on. These blueprints are more robust than the CSO and SSO, identifying content knowledge linked directly to representative tasks performed by newly licensed CPAs.
- The Exam remains composed of the four existing sections – Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG).
- Any combination of passing Exam sections prior to April 1 and passing Exam sections on or after April 1 (within the 18-month window following passing one section) will count toward licensure.
- Total CPA Exam testing time increased from 14 to 16 hours – four sections of four hours each.
- A new, 15-minute standardized break during each section that will not count against a candidate's testing time had been added.

For candidate convenience, the 10-day extension of the testing window introduced in April 2016 will continue in the third and fourth quarters of 2017. The 10-day extension will not be available during the current April/May testing window to allow the AICPA to follow the standard setting process and analyze Exam results to set new passing scores. To provide sufficient time for the process, scores will be released only once following the close of each testing window.

"Through strong collaboration and partnership, we are proud to be a part of this joint effort to successfully bring the latest version of the Uniform CPA Examination to market," said Michael Brannick, president and chief executive officer, Prometric. "By successfully completing the exam, candidates demonstrate that they have the knowledge, skills and abilities to perform their jobs. We are pleased to continue our work with both AICPA and NASBA in protecting the public interest for years to come."

The Exam that launched April 1 is based on an extensive practice analysis overseen by the AICPA's Board of Examiners, which included input from key stakeholders throughout the accounting profession.

In addition to the changes to the CPA Exam which have already occurred, the AICPA is working on an improved user experience which is expected to launch in 2018. More information on that project will be announced later this year.

The CPA Exam is administered in 55 jurisdictions nationwide by the AICPA, NASBA and Prometric. The same version of the Exam is also administered in English internationally in Japan, Bahrain, Brazil, Kuwait, Lebanon and the United Arab Emirates.

Detailed information on the CPA Exam is available online at www.aicpa.org/cpaexam and <https://nasba.org/exams/the-next-version-of-the-cpa-exam/>.