Montana Board of Public Accountants

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In This Issue

The Honorable Steve Bullock Governor of Montana

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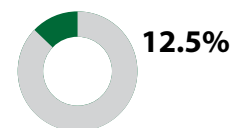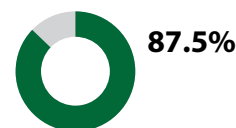E-mail: dlibsdpac@mt.gov
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A MEMBER OF

NASBA

CPE AUDIT RESULTS

As a result of a fail rate of 20% for the 2014-2016 CPE audit, the Board again conducted a 50% random audit of the licensees for 2015-2017 CPE compliance. Those numbers are in, and here are the findings:

822 selected for audit

50%
active licensees eligible for audit

719 passed the audit

87.5%

103 failed or didn't respond

12.5%

If an individual fails the audit or does not respond to the audit, they are referred to the Audit Unit for follow up. Those licensees are given 60 days to cure the deficiency. If they cure the deficiency nothing more is required. If they do not cure the deficiency within the 60 days, their license is administratively suspended.

Administrative suspension is not considered discipline and is not a result of delivery of services or based on competency of the licensee to practice. It is considered a technical or administrative violation rather than disciplinary.

The Board appreciates the patience of those who have been selected multiple times for audit. The statute requires an audit of randomly selected licensees. Auditing a higher percentage of licensees does increase your chances of being selected multiple years. Passing the audit one year does not remove you from those eligible to be audited the next year.

You are reminded that if you are selected for a CPE audit you must submit your CPE and documentation through the CPE tracking system. Keeping your CPE tracking system record up to date will allow you to track compliance with the CPE requirements and make submitting for audit easy.

LETTER FROM THE BOARD CHAIR

Tis the season – no not tax season but the time during the biennium that the legislature meets to conduct business on behalf of all Montanans. This session the Board has brought forward one bill, Senate Bill 75, that incorporates a couple of items that the Board believes will strengthen the profession. The first item is rather simple: extend the sunset date for enterprise funding to September 30, 2023.

Mike Huotte, CPA Chair

The second item is a little more complex. In recent years the Board has struggled with CPE audit results that were not great. Under current law we are only allowed to audit up to 50% of licensees each year and they must be randomly selected. The Board is proposing in Senate Bill 75 to allow the Board to audit up to 100% of licensees in the year following audit in which 15% of the licensees were noncompliant. This would allow the Board to determine if there is a serious problem in Continuing Education.

As always there is a chance that other legislation may be brought by different groups that affect the profession. The Board and our partners at the Montana Society of CPA's and NASBA are continuously monitoring legislation that may affect the profession and provide resources to either support or oppose the legislation.

I hope you all have a very happy and prosperous 2019!

NEW CPE TRACKING SYSTEM ON THE HORIZON

Over last two years, NASBA has embarked on a significant upgrade project to their CPEtracking platform. In March 2019, NASBA will transition all CPA user accounts, including course and attendance records, from the CPEtracking tool to the new platform, CPE Audit Service.

Beginning on 03/04/2019, users will no longer have access to CPEtracking as their historical data is migrated to the CPE Audit Service. Once the transition is complete, users will receive the information needed to register their new account in the CPE Audit Service platform. All pertinent access information to the new platform will be included in the registration communication.

NASBA recommends that users enter any completed course information into CPEtracking prior to 03/04/2019. Users may also wish to run and save a copy of their CPE Status Report for the current and previous reporting periods, should they need access to this information during the transition period to the new service.

If you have any questions, please contact our office at (406) 841-2244 or via email at dlibsdpac@mt.gov.

CPE RULES IN EFFECT

The CPE requirements have changed over the years. As an active CPA, it is your responsibility to remain compliant with CPE to maintain your competence to practice public accounting.

Your CPE requirement is a basic requirement of 120 hours in a rolling three-year period. As one year rolls off, a new year rolls on, and you must maintain the 120 hours. As an example, if you received your initial Montana license in 2017, your first CPE reporting period is 2018-2020. Your next reporting period is 2019-2021.

Types of Programs

As of December 9, 2017, in addition to group, self-study, serving as an instructor, and publishing, the Board has added new methods of obtaining CPE, including:

- Group
- Self-Study
- Serving as an instructor
- Publishing
- Blended learning,
- Nano-learning,
- Technical committee work, and
- Technical reviewer of qualified CPE programs

You can find the definition of each method in the Board rule definitions.

Topic Requirements

In addition to more program options for obtaining CPE, beginning January 1, 2018, active licensees must complete at least 50% (60 hours) in technical fields of study in a rolling 3-year period. The 50% technical subjects must include at least 2 hours of ethics. Those technical subjects are:

- Accounting, including governmental accounting,
- Auditing, including governmental auditing,
- Taxation,
- Management services,
- Information technology,
- Statistics,
- Economics,
- Business law,
- Finance,
- Specialized knowledge, and
- Ethics

Description of each of the technical and non-technical fields of study can be found at nasbaregistry.org.

The CPE tracking system will assist you tracking your compliance with the new 50% technical requirement.

The 50% technical requirement must first be met for the reporting period 2018-2020.

Documentation Requirements

All claimed CPE must have acceptable documentation. Acceptable documentation for group, self-study, nano-learning, or blended learning is a certificate of completion or transcript issued by the program sponsor. The following information MUST be included:

- Participant's name,
- Course sponsor,
- Course title and/or description,
- Dates,
- Location,
- Number of CPE credit hours, and
- NASBA National Registry of Sponsor ID for nano-learning and self-study, if applicable

Acceptable documentation for technical committee sessions must include a written certificate, including:

- The nature of the activity (topic or specific new competency acquired), the items discussed, and the source/material considered,
- Dates of the learning activity, and
- The number of CPE credits attributed to the learning activity

Acceptable evidence for credit for publishing is a copy of the publication that names the licensee as author or contributor, a statement from the licensee supporting the number of CPE hours claimed, and the name and contact information of the independent reviewer(s) or publisher.

Credit Earned

Group programs and blended learning programs must be a minimum of one hour, but credit may be earned in one-fifth or one-half hour increments after the first full credit hour is earned.

Blended learning hours must equal the sum of the credit determination for the various completed components of the program. Pre-program, post-program, and homework assignments cannot be more than 25% of the total blended learning CPE credit for that class.

Self-study programs must be a minimum of one-half credit hour, but credit may be earned in one-fifth or one-half hour increments after the first one-half hour credit is earned. A self-study course that is offered by a sponsor that IS NOT a NASBA Registry sponsor receives half credit. Those courses must be at least 50 minutes to receive any credit.

Nano-learning is earned at one-fifth credit hour. Nano-learning courses must be offered by a NASBA National Registry of CPE Sponsor to receive any CPE credit.

CPE Audit

The Board would like to remind you that if you are selected for CPE audit, you MUST report your CPE and provide documentation through the CPE tracking system. Keeping the system up to date will allow you to see at a glance if you are compliant with requirements, and will simplify submitting for an audit.

CPA REGULATORS AND PROFESSION JOINTLY EXPLORE EVOLVING LICENSURE MODEL

Leaders of the CPA profession, the regulatory community and representatives from critical stakeholder groups are joining together to explore possible changes to the CPA licensure model that embrace the need for expanded skillsets of professionals. The goal of the effort is to align licensure with how CPAs will perform services in an increasingly technologically-driven environment. The CPA Evolution Working Group was formed by the National Association of State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA).

The Working Group consists of representatives from Boards of Accountancy, state CPA societies, CPA firms of all sizes from around the country, the accounting academic community, and NASBA and AICPA volunteer committees. They have been tasked with advising NASBA and the AICPA on actions that would position the profession for the future while continuing to protect the public interest.

"Technological innovation and changing client demands are rapidly transforming the skills accountants need to thrive," said Working Group Chair Cathy Allen, CPA, a managing member of Audit Conduct LLC and a member of NASBA's Board of Directors. "We want to reimagine the CPA learning and licensure approach. Working Group members recognize the critical role of technological and data analysis expertise needed in firms and businesses today. Our goal is to recommend a strategy that provides the guiding principles for how to build related knowledge and skills into accounting curricula and how to test for those proficiencies on the CPA Exam."

In the last year, the AICPA and NASBA have discussed potential alternatives to the current licensure model with key stakeholders and have gathered valuable initial feedback. A principal theme that has emerged from the feedback is support for action to evolve the approach to licensure.

"We really value the early engagement we've seen from the profession's key stakeholders," said Susan S. Coffey, CPA, CGMA, AICPA executive vice president for public practice. "Based on what we've heard, there is no question that the profession is ready to take action to capitalize on the opportunities that technology presents to us. That includes an evolution in our approach to licensure that embraces the changes and continues our public protection mandate. I'm looking forward to the Working Group's recommendations and engaging with the profession and our key stakeholders throughout 2019."

Do We Have Your Current Information?

It is important that the Board office has your current contact information. Log on to the Department of Labor & Industry citizen portal (where you renew your license) and go to the "Account Management" area. You can update your mailing address, email, and any other login information. To continue to receive important notices from the Board such as renewal notices or the soon to be sent CPE audit notification, it is essential that you maintain this information.

HOW TO CHANGE OR UPDATE YOUR EBIZ ONLINE PORTAL LOGIN AND CONTACT INFORMATION

1. Navigate your browser to the Montana Department of Labor & Industry EBiz online portal at ebiz.mt.gov/pol.

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