



The Profession Monitoring Program

A Program of **Consensus**

By: Hugh A. McWhorter, CPA
Enforcement Coordinator

Consensus is a word that fits evaluations derived from the Board of Public Accountants Profession Monitoring Program (PMP).

When a practice unit's work product is evaluated under PMP, a **consensus** is developed as to whether the work reviewed is acceptable or not acceptable. Four highly qualified individuals rate a work product and determine comments they believe are appropriate.

Consensus is further sought from the evaluated practice unit. Practice units with work products rated not acceptable are required to respond to the findings of PMP. Evaluated practice units either concur with PMP findings or cite their reasons for disagreement.

When a practice unit takes exception to the findings of PMP and the comments have merit, a second opinion is sought from a Committee of the Montana Society of CPAs (Committee). The Committee develops its **consensus** opinion as to whether PMP comments were appropriate. Additionally, they render a second opinion as to whether a work product is acceptable or not acceptable. As a result of the Committee's work, comments are substantiated, revised or withdrawn and work product ratings are either substantiated or revised.

As Enforcement Coordinator (EC), I serve in an advisory capacity to the Board. In the role of EC, I participate in the initial rating of reports but do not participate in the Committee deliberations.

The final **consensus** is developed by the Board of Public Accountants. The Board is presented with

the findings of the PMP, dissents from reviewed practice units and Committee evaluations. The Board develops a **consensus** as to the appropriate course of corrective action for each work product rated not acceptable.

The 2007 Program was typical of all recent PMP years. No fewer than nine or more than fourteen individuals reviewed a work product and developed a **consensus** of opinion.

Consensus is a word that fits evaluations derived from the Board of Public Accountants Profession Monitoring Program (PMP).

ET 101-3

A Need For Documentation

By: Hugh A. McWhorter, CPA
Enforcement Coordinator

ET 101-3, an ethics pronouncement by the AICPA, deals with the issue of independence in the context of nonattest services.

If you maintain a client's accounting records, adjust or reclassify client's accounts, draft their financial statements, maintain their depreciation records or perform other nonattest services, are you independent?

Yes, if you comply with the provisions of ET 101-3.

If you do not comply with the provisions of ET 101-3, you are not independent and must so state on a compilation report. Absent independence, a firm cannot perform a review, audit or any other engagement that mandates independence.

To be in compliance with professional standards, a client must agree to take responsibility for nonattest services performed and that agreement is to be

Continued on Page 2

reduced to writing. Written documentation can be incorporated within an engagement letter or may be a separate memorandum for the file.

Footnote 6 of ET 101-3 enables independence to be retained if a verbal agreement exists with a client that they will accept responsibility for nonattest services performed. However, footnote 6 goes on to say that if an agreement is verbal, a violation of Rule 202 Compliance with Standards has occurred.

Reducing an agreement to writing is the best approach to satisfy professional standards. There is a need for documentation.

UPCOMING RULE AMENDMENTS

Watch for the board's notice of proposed rule amendments. The board recently reviewed its rules and will be proposing a number of changes. These changes include but are not limited to: allowing full self-study credit for courses provided by NASBA Registry Sponsors; incorporating professional standards by reference; revising the Professional Conduct Rules; clarifying licensing requirements; and general housekeeping. Please review the changes and present your comments and concerns within the given timeframe. You may present your data, views or arguments either orally or in writing at the scheduled hearing or by mail, facsimile or email. The Board's mailing address is: 301 South Park, P.O. Box 200513, Helena MT 59620-0513. The fax number is (406) 841-2323. The email is dlibsdpac@mt.gov. Do not hesitate to contact the board office with any questions you may have regarding these changes at (406) 841-2389.

SUBSTANTIAL EQUIVALENCY-MOBILITY

At its November 2007 meeting, the Board decided to go forward with legislation providing greater mobility for qualified licensees. This process would ensure Board jurisdiction and authority over all CPAs practicing in Montana, thereby enhancing protection of the public interest.

BOARD DISCIPLINARY ACTIONS

(June 1, 2007 through December 31, 2007)

Certificate No.: 4205 CPA
Name: Louise Cochrane
Violations: 37-1-131, MCA; 37-1-307, MCA; 37-50-203, MCA; ARM 8.54.608(a), (b); and ARM 8.54.614
Disposition: Final Order signed 8/28/2007
Two years probation; \$500 administrative fine; and CPE-eight hours of ethics in addition to the full basic requirement to be completed in a timely fashion.

Certificate No.: 1075 Practice Unit
Name: Shonna K. Stearns, CPA
Violations: 37-1-131, MCA; 37-1-307, MCA and 37-50-203, MCA
Disposition: Final Order signed 8/28/2007
Two years probation; public reprimand/censure; pre-issuance review of financial statements and work papers; and CPE – eight hours pertaining to financial statement disclosures and eight hours of reviewed financial statements to be completed by 12/31/2007.

Certificate No.: 3877 CPA
Name: Eileen Richardson
Violations: 37-1-131, MCA; 37-1-307, MCA; and 37-50-203, MCA
Disposition: Final Order signed 8/28/2007
\$500 administrative fine and CPE – eight hours of ethics in addition to the full basic requirement to be completed By 12/31/2007.

Certificate No.: 1665 CPA
Name: Patrick Davison
Violations: 37-1-316(1), (14) and (18), MCA; and ARM 24.201.2410
Disposition: Revocation May 22, 2007

Copies of these documents are available upon request.

CPE AUDIT

The Board will be performing the CPE audit for the 2005/2006 report year at its January meeting on January 8-9, 2008. The Participants will be notified of the results as soon as they are available.

2008 BOARD MEETING DATES

January 8-9, 2008
May 13-14, 2008
August 26-27, 2008
November 19-20, 2008

Visit us on the web at
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The Honorable Brian Schweitzer

Governor of Montana

Board of Public Accountant Board and Staff

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Disclaimer:

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FORWARDING SERVICE REQUESTED

6522