



# MONTANA BOARD OF PUBLIC ACCOUNTANTS

## *Newsletter*

Volume III, Number 14

JUNE 2008

### COMING SOON

#### **NOTICE OF PUBLIC HEARING ON PROPOSED AMENDMENT, ADOPTION, AND REPEAL OF BOARD RULES**

Be sure to review a copy of the rule notice to become available in late May or early June. Let the Board know your thoughts and comments in writing or verbally at the public hearing. You may access the entire copy of MAR Notice No. 24-201-43 with proposed amendments, adoptions and repeals on the Board's website.

#### **IMPORTANT REMINDER – CPE DUE BY JUNE 30, 2008**

Reporting forms may be mailed, faxed or emailed and must be received or postmarked by July 31<sup>st</sup> in order to avoid the \$25.00 late fee.

Individuals holding Special Practice Permits are not required to comply with the CPE requirements.

According to ARM 24.201.2106, in order to comply with the CPE requirement, you must complete 120 hours of acceptable continuing education credit with a subset of two credit hours in ethics during the three-year reporting period ending June 30, 2008. You may carry credit obtained in May or June of 2008 into the next reporting period if you have satisfied the full basic requirement. You may also carry back credit obtained in July and August if you have not satisfied the full basic requirement. After the Board has recorded your credit, you will obtain a CPE Acknowledgment reflecting your hours. Make sure these hours coincide with your figures

and let the Board know of any discrepancies as soon as possible.

Please note that self-study credit may only be claimed for one-half the average completion time unless the CPE provider is a National Association of State Boards of Accountancy (NASBA) Quality Assurance Service (QAS) sponsor. In its recently noticed rule amendments, the Board has proposed also including NASBA's Registry Sponsors of programs eligible for full credit (granted based on a 50-minute hour). A list of NASBA sponsors may be obtained on its website: [www.NASBA.org](http://www.NASBA.org).

Extension requests are not automatic and noncompliance with CPE requirements may be cause for board disciplinary action. Please familiarize yourself with the reporting requirements, ARM 24.201.2145, and the imposition of disciplinary action as a result of violation of the rules in ARM 24.201.2410 (1) (d). Hardship exceptions are referred to in ARM 24.201.2154. If you have any questions regarding CPE compliance, please contact us.

#### **Board Member Farewell**

The Board says farewell to Mr. Thomas Shea, CPA whose term expires on July 1, 2008. Mr. Shea has served with the Board since July of 2003. As a Board Member, he has demonstrated a willingness to actively participate in Board activities and a commitment to represent the people of Montana using his best judgment in their interest. The Board will miss him and wishes him well.

#### **Board Member Welcome**

The Board welcomes its new Public Member, Beatrice Rosenleaf and new Profession Member, Jack Meyer, CPA. The Board is looking forward to working with these distinguished appointees.

## ET 101-3

Revisited

By: Hugh A. McWhorter, CPA  
Enforcement Coordinator

In the January, 2008 newsletter ET 101-3 was discussed.

ET 101-3 is an AICPA ethics interpretation dealing with a practitioner performing nonattest services and the effect of such services on independence. It has relevance to audits, reviews and compilations. As we all know, one has to be independent to perform an audit or a review. One does not have to be independent to perform a compilation.

Points made in the article were that:

- If you perform nonattest services—e.g.—draft financials, maintain depreciation schedules, prepare tax returns, adjust or reclassify client records; you are not independent unless your client accepts responsibility for the nonattest services you performed
- Evidence of a client accepting responsibility for services performed should be reduced to writing, and
- Stating, on a compilation report, that you are not independent renders the provisions of ET 101-3 academic

So why is an article being written about a subject a second time?

Based upon a preliminary review of reports submitted under The Board of Public Accountants 2008 Profession Monitoring Program and practitioner inquiries directed to Board staff, it appears that a number of practitioners may not be aware of the provisions of ET 101-3.

If, on a compilation report, you represent you are independent, document your nonattest service agreement with your client either in an engagement letter or a separate memorandum.

State, on a compilation report, that you are not independent and ET 101-3 can be ignored.

Keep in mind that financial statements of a client are representations of that entity and not representations of a practitioner. If practitioners are independent their only product is their report.

ET 101-3 can be reviewed at:

[http://www.aicpa.org/About/code/et\\_101.html#et\\_101.05](http://www.aicpa.org/About/code/et_101.html#et_101.05)

### BOARD MEMBER APPOINTED TO NASBA COMMITTEE

The Board is proud to announce that Rick Reisig, CPA has been appointed to the NASBA CPA Licensing Examinations Committee. This Committee is responsible for reviewing and evaluating the CPA examination, communicating and working with the CPA Examination Review Board and AICPA Board of Examiners, and communicating with state boards of accountancy and others with vested interest. His service on this Committee has been an invaluable asset to the Board by bringing clarity to complex issues surrounding the examination. His input has been extremely beneficial to the Board as it considers difficult decisions regarding the licensing examination as part of its role to regulate the profession in the State of Montana.

### Public Disciplinary Actions

By Vicki Bair, Compliance Specialist

Due to a 2007 legislative mandate, all public disciplinary actions taken against a licensee will be available on the Board's website under the licensee look-up section. Currently, all public disciplinary actions are available in the Board office in paper format. The online records are expected to be available to the public by January 2009 and will allow consumers to review public disciplinary matters in a more efficient manner. Since identify theft is on the rise, all original signatures will be

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redacted from documents in order to protect the licensee and/or others listed in the legal documents.

### **Board Disciplinary Actions**

(January 1, 2008 through May 1, 2008)

Accounting Office/ Practice Unit #158

**Name:** Huffine & McMillan PLLP

**Violations:** 37-1-316 (18), MCA 37-1-316(4), MCA; 37-1-316(5), MCA; ARM 24.201.706 (1) (a) and (b); ARM 24.201.715(10); ARM 24.201.716(1); ARM 24.201.2410(1) (b) & (e) and ARM 24.201.717

**Disposition:** Final Order signed February 4, 2008; Practice Unit will no longer perform audit engagements (unless or until) the Board authorizes the licensee to do so; pay a \$500.00 administrative fine.

Accounting Office/Practice Unit #874

**Name:** Cathy Allen & Co PC

**Violations:** ARM 24.201.1115 (2); ARM 24.201.1115(3); 37-1-316(18), MCA; 24.201.2410 (1) (b) and ARM 24.201.2410 (1) (e)

**Disposition:** Final Order signed January 30, 2008; One year probation; provide written notification of pre-issuance reviewer, pay a \$750.00 administrative fine; obtain 8 hours of CPE in the area of financial statements.

Copies of these documents are available upon request.

### **CPE AUDIT RESULTS**

The Board performed the CPE audit for the 2005/2006 report year at its meeting on January 8-9, 2008. Of the 89 total participants selected: one gained credit; one was required to transfer credit to another category; four were required to provide additional clarification and 13 were submitted to the board for special consideration. Of those 13: ten were issued Letters of Instruction including five being required to carry back credit and four were also required to pay a \$100.00 penalty fee, the

Board generated one complaint, and two were determined to be adequate including one participant received 40 additional credit hours.

### **2008 BOARD MEETING DATES**

January 8-9, 2008

May 13-14, 2008

August 26-27, 2008

November 19-20, 2008

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[www.publicaccountant.mt.gov](http://www.publicaccountant.mt.gov)

## **The Honorable Brian Schweitzer Governor of Montana**

Board of Public Accountant Board and Staff

406-841-2389

Fax: 406-841-2323

E-mail: [dlibsdpac@mt.gov](mailto:dlibsdpac@mt.gov)

[www.publicaccountant.mt.gov](http://www.publicaccountant.mt.gov)

### **Board Members**

Rick Reisig, CPA, Chairman

Michael Johns, CPA, Secretary

Pamela Lynch, CPA

Jack Meyer, CPA

Irma Paul, Public Member

Beatrice Rosenleaf, Public Member

Thomas Shea, CPA

### **Staff**

Hugh McWhorter, Enforcement Coordinator

Grace Berger, Executive Officer

Sue Criswell, Program Manager

Vicki Bair, Compliance Specialist

Heather Hardman, Application Specialist

### **Disclaimer:**

*Information contained in this newsletter is printed in good faith based upon the information available at the time of printing.*

MONTANA BOARD OF PUBLIC ACCOUNTANTS  
PO BOX 200513  
HELENA MT 59620-0513

6522

**FIRST CLASS**

FORWARDING SERVICE REQUESTED