



### STATE BOARD UPDATE

By Rick Reisig, CPA, Chairman

During this past legislative session, HB 80, introduced by Great Falls Representative Deb Kottel at the request of the Montana Department of Labor and Industry, passed both the Montana House and Senate and was signed into law by Governor Brian Schweitzer on April 1, 2009. While the bill included revisions to professional and occupational licensing laws of several professions, it included important revisions to certain licensing requirements for public accountants that had been strongly supported by both the Montana State Board of Accountants and the Montana Society of Certified Public Accountants. In fact, members of the State Board and the MSCPA comprised a task force that drafted the public accounting provisions of HB 80 and provided public testimony during House and Senate hearings on the bill.

The majority of the accounting provisions in HB 80 were commonly described as the "mobility legislation". A form of this legislation has been passed, or is being passed, in 49 out of 50 states. The general intent of the legislation is to allow CPAs to move freely from state to state to serve their clients without having to obtain additional licenses, or some type of practice privilege, in those states. The basic concept behind the legislation is (1) **no notice** need be given to other state boards of accountancy when qualifying out-of-state licensees provide services to clients in those states, (2) **no fee** is to be charged to qualifying out-of-state licensees for the right to provide those services, with (3) **no escape** from state board oversight.

Those out-of-state licensees qualifying for the no notice, no fee, no escape provisions of HB 80 must be licensed from a jurisdiction that has licensing requirements "substantially equivalent" to Montana's licensing requirements, or must

individually have qualifications "substantially equivalent" to the CPA licensure requirements of the Uniform Accountancy Act (UAA). The term "substantially equivalent" is defined as determination by the State Board or its designee that the education, examination, and experience requirements of another jurisdiction are comparable to or exceed the education, examination, and experience requirements as contained in the Uniform Accountancy Act, or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements as contained in the Uniform Accountancy Act. Under the UAA, a licensee must have obtained 150 credit hours of post-secondary education which includes specific credit hours in accounting and business-related classes, must have passed the uniform CPA examination, and must have obtained at least one year of specific work experience.

The effective date of the provisions of HB 80 is October 1, 2009. The State Board is in the process of drafting proposed rules to provide for the implementation of HB 80, as it pertains to public accountants.

### **Applicability of SSARS No. 1 to Controllers Who Are CPAs**

By: Hugh A. McWhorter, CPA, EC

In connection with the Board of Public Accountants 2009 Profession Monitoring Program (PMP), the Board has received several inquiries as to what the CPAs' reporting responsibilities are when they serve as controller and prepare employer financial statements that are relied upon by third parties.

SSARS interpretation 9100.80 through .83 provides guidance. The controller should either:

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1. Comply with the reporting requirements of SSARS 1 (citing a lack of independence); or
2. Communicate, preferably in writing, the accountant's relationship to the entity.

Were the controller to follow option #2, the cited interpretation provides an example of the type of communication that may be used:

“The accompany balance sheet of Company X as of December 31, 20XX, and the related statements of income and cash flows for the year then ended have been prepared by (name of accountant), CPA. I have prepared such financial statements in my capacity as controller of Company X.”

Interpretation 9100.84 states that if an accountant is not in the practice of public accounting, issuance of a report under SSARS would be inappropriate. This consideration is not applicable as Montana statute defines the issuance of financial statements on which the public may rely constitutes the practice of public accounting.

#### **CPE RECENT RULE CHANGE**

Effective January 16, 2009, credit for self-study courses will be allowed at full credit if the provider is a NASBA Registry Sponsor. In the past, only NASBA Quality Assurance Service (QAS) sponsored self-study courses were eligible for full credit. All other self-study course credit will be eligible for only one-half the average completion time.

#### **CPE REPORTING FORMS DUE**

Individuals holding permits to practice are to report CPE credit hours obtained during the 2008/2009 year by July 31, 2009. If you hold a special practice permit and are required to comply with the CPE requirements of another jurisdiction, you are not required to meet Montana CPE requirements.

During the three-year period ending June 30, 2009, a permit holder must have acquired at least 120 hours of education with a subset of two in ethics or the codes of professional conduct of certified public accountants and licensed public accountants in

order to renew on active status for the 2010 calendar year.

The CPE reporting form will soon become interactive, so you will be able to enter your information on the form, print it and send to the Board office. We are accepting forms by email, fax or mail. If mailing, forms must be postmarked by July 31, 2009 in order to avoid paying the \$25.00 late fee.

#### **CPE AUDIT--2006/2007 REPORT YEAR**

Preliminary results of the audit performed at the January 2009 Board meeting: 92 practitioners were selected; 63 submitted adequate documentation; 1 failed to respond; 2 had credit added; 25 submitted inadequate documentation; 1 carried ineligible credit forward; and 16 were presented to the Board for consideration. The Board has decided to review those instances in which practitioners lost credit hours, failed to respond to its correspondence, or requested special consideration of credit as a result of the audit.

The Board would like to remind practitioners that the continuing development of professional competence is vital to maintain public confidence and possess the current knowledge, skills and abilities required in all areas of public accountancy. The Board encourages you to become familiar with the rules governing CPE and maintain compliance.

#### **COMPLIANCE UNIT REPORT**

**By Vicki Bair**

The Compliance Unit has seen a slight increase in consumer complaints against Certified Public Accountants this past year. It is imperative licensees pay watchful attention to details of their practice and their client relationships. Professional accountants often are entrusted with providing services in times of heightened family or personal distress. It is of the utmost importance that a licensee remembers to exercise due professional care in all their transactions with clients. Careless mistakes, such as overlooked procedures, failing to

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return client records, typographical errors and incomplete preparation of tax forms cumulatively can detract from a licensee's professional credibility. Your demeanor is a reflection on the entire profession of public accountancy.

### **GOVERNOR BRIAN SCHWEITZER MAKES BOARD MEMBER APPOINTMENTS**

The Governor appointed Ms. Linda Harris, CPA of Absarokee, Montana on February 12, 2009 to serve a four-year term ending July 1, 2013. The Governor also reappointed Rick Reisig, CPA for a second term effective October 1, 2009.

### **VISIT TO MONTANA EXAM SITES**

Board staff visited the Billings examination site last fall and a visit is scheduled this spring for the Helena site. These visits provide the Board an opportunity to determine if the sites are in compliance with established security policies and testing procedures. So far the results have been favorable.

### **Board Disciplinary Actions**

(August, 2008 and January, 2009)

**Name:** Patricia Cremer CPA 3114

**Violations:** 37-1-316(18), MCA & ARM  
24.201.723(1) (a), (b), (c) &  
24.201.2410(1) (b), (e)

**Disposition:** Default Order 8/26/08 states licensee must pay a \$500.00 administrative fine prior to reinstating license (Docket No-CC-07-0374-PAC)

**Name:** Jodi (Kind) Henke CPA 4529

**Violations:** 37-1-316 (18), MCA & ARM  
24.201.2106(1), (2), (3), (4)

**Disposition:** Stipulation signed 8/26/08; Public letter of reprimand regarding compliance with continuing education (Docket No-CC-08-0596-PAC)

**Name:** Miriam Smith CPA 4017

**Violations:** 37-1-316 (18), MCA & ARM  
24.201.2106(1), (2), (3), (4)

**Disposition:** Stipulation signed 8/26/08; Public letter of reprimand regarding compliance with continuing education (Docket No-CC-08-0597-PAC)

**Name:** William Bjarko CPA 2642

**Violations:** 37-1-316 (18), MCA & ARM  
24.201.2410(1) (a), (e)

**Disposition:** Stipulation signed 1/12/09; multiple sanctions including: letter of reprimand, must submit 2008 PMP review audit report, and pay \$500.00 fee for late submission under PMP, pay \$500.00 administrative fine (Docket CC-09-0115-PAC)

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

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#### **Board Members**

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Michael Johns, CPA, Secretary  
Linda Harris, CPA  
Pamela Lynch, CPA  
Jack Meyer, CPA  
Irma Paul, Public Member  
Beatrice Rosenleaf, Public Member

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Hugh McWhorter, Enforcement Coordinator  
Grace Berger, Executive Officer  
Sue Criswell, Program Manager  
Vicki Bair, Compliance Specialist  
Heather Hardman, Application Specialist

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