



# MONTANA BOARD OF PUBLIC ACCOUNTANTS

## Newsletter

Volume III, Number 19

JUNE 2010

### SSARS Revision

By: Hugh A. McWhorter, CPA  
Enforcement Coordinator

Statements on Standards for Accounting and Review Services (SSARS) No. 19 is effective December 15, 2010 for periods ending on or before that date. Earlier implementation is permitted.

Thirteen (13) of the previous eighteen (18) SSARS have been superseded.

Apart from some wording changes in the basic compilation and review reports the most significant changes in standards are for compilation engagements. They are:

- **Documentation** requirements have been expanded. Documentation should include (a.) **an engagement letter**; (b.) any **findings** or issues that, in the accountant's judgment are significant (e.g., the results of procedures that indicate the financial statements could be materially misstated, including actions taken to address such findings, and to the extent the accountant had questions or concerns, how those issues were resolved); (c.) **communications**, whether oral or written, to the appropriate level of management regarding fraud or illegal acts that come to the accountant's attention, and
- Reporting when the accountant is **not independent**. It remains acceptable to state, in a concluding paragraph, "I am (we are) not independent with respect to XYZ Company". What's changed is it is now **permissible to state why** "I am (We are) not independent with respect to XYZ Company as of and for the year ended December 31, 20XX because I (a member of the engagement team) had a direct financial

interest in XYZ". More common in Montana one might state ". . . . because I (we) performed certain accounting services (the accountant may include a specific description of those services) that impaired my (our) independence".

Other matters are discussed at length such as:

- The distinction between assurance and attest is revisited
- The phrase "applicable financial reporting network" is introduced and the standard distinction "must" (required) vs. "should" (presumptively mandatory) is revisited
- The term review evidence is introduced, and
- Review analytical procedures and inquiries have been expanded.

Virtually all Montana firms that are associated with financial statements deal with compilations. For those firms it is imperative that we have an awareness of the changes to our standards.

The exposure draft of SSARS 19 dealt with reporting on a review engagement when internal control services had been performed by the accountant performing the review. That section of the exposure draft did not appear in the final document but similar commentary may appear in subsequent SSARS.

### MAR NOTICE NO. 24.201.44 PROPOSED RULE AMENDMENTS

The Board recently reviewed its rules and will be proposing a number of changes. These changes include rules to implement the recently passed mobility legislation, experience requirements for

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entry level applicants, revising the CPE requirements to more closely conform to the Statement of Standards for Continuing Professional Education (CPE) Programs as issued by the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), increasing fees; and general housekeeping.

Please review these changes and present your comments and concerns within the given timeframe. Do not hesitate to contact the Board office with any questions you may have regarding these proposed amendments.

**NOTICE**  
**CPE REPORTING FORMS DUE**  
**2009/2010 REPORT YEAR**

Individuals holding permits to practice are to report CPE credit hours obtained during the 2009/2010 year by July 31, 2010. During the three-year period ending June 30, 2010, a permit holder must have acquired a minimum of 120 credit hours of continuing professional education with a subset of two in ethics to renew on active status for the 2011 calendar year.

The CPE reporting form is interactive, so you will be able to enter your information on the form.

**However, you will no longer be able to directly e-mail the form to the Board office by using the “e-mail button.”** But you may scan and e-mail the form or simply mail it to the Board office. Forms must be emailed or postmarked by July 31, 2010 to avoid paying the \$25.00 late fee. Upon receipt, the Board office will record your hours and send you

a CPE Acknowledgment reflecting the recorded hours in the last three-year reporting period, including any carry-over credits in the future year. Be sure to review this report and contact the Board office if you notice any discrepancies.

**COMPLIANCE REPORT**  
**By Vicki Bair**

The Board encourages licensees to take responsibility for complying with continuing professional education requirements and timely renewing their license. If problems do exist and they are identified prior to the end of the renewal period, licensees may have time to correct any deficiencies.

Issues that have come to the Board’s attention through the disciplinary process include failure to comply with the continuing professional education (CPE) requirements (*ARM 24.201.2101-2161*) and practicing after a license expired (*37-1-141(6)(b), MCA License renewal -- lapse -- expiration – termination*). If the CPE requirements are not met, licensees may obtain an extension by submitting their request in writing to the Board office and paying the appropriate fee. The Board may grant a waiver of the fee in a hardship situation. Sometimes renewal notices are not received by licensees due to an unreported change in their mailing address or misdirected and/or lost mail. As part of a good business practice, licensees may set up an alternative tracking method to ensure their personal license and applicable firm registration are timely submitted (i.e. placing the due dates on your electronic or paper calendar). If not resolved, these issues can result in disciplinary action taken against a licensee or a firm.

Being proactive in maintaining appropriate licensure and complying with applicable requirements will ensure avoidance of adverse situations.

**CPE AUDIT**  
**2007/2008 REPORTING YEAR**

Preliminary results of the audit performed at the January 2010 Board meeting: 90 practitioners were reviewed; 61 submitted adequate documentation; and 29 submitted inadequate documentation. To date, 14 of the 29 provided additional adequate supporting documentation and the remaining 15 are unresolved. The Board has decided to review those

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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.

**Board Disciplinary Action**  
(February 2010 through May 2010)

**Name:** Cathy Allen & Cathy Allen & Co, P.C.  
CPA 2865 AO 874

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

**Disposition:** Revoked for at least one year  
(Docket No. CC-10-0055-PAC)

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**2010 BOARD MEETING DATES**

January 19-20, 2010  
May 4-5, 2010  
August 24-25, 2010  
November 16-17, 2010

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

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