

Montana Board of Public Accountants

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The Honorable Steve Bullock Governor of Montana

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CPETRACKING SYSTEM

By now all permit holders should have received a letter from the Board that included both your license number and login password to the NASBA CPEtracking system for the first time. Inactive permit holders, you are not required to take CPE while your license is on inactive status. If, in the future, you want to reactivate your inactive permit, you will need to provide the CPE documentation through the CPEtracking system to reactive your license.

A link to the CPEtracking system can be found on the [Board website](#) and the [MSCPA website](#) under the Members tab. Click here to view CPEtracking.

The system has been pre-loaded with CPE courses completed through MSCPA. By the end of June, all courses that were reported on the MSCPA tracking system, but not a MSCPA sponsored course, will be added. All CPE courses completed through the MSCPA do not require additional documentation. Any course that was not completed through the MSCPA will require you to add the documentation to the CPEtracking system to be complete.



The CPEtracking system will be required if you are selected for a CPE audit by the Board. If audited, you will be required to report all of your CPE using the CPEtracking system. Because CPE is a 3-year requirement, if you are selected for audit, you will be required to have the past 3 years of CPE on the CPEtracking system.

There is an instructional video on logging in for the first time by clicking [CPEtracking login video](#). You will need to include your entire license number of PAC-CPAP-LIC-#### when logging into the system. Once you are logged in, there are a variety of tutorials available to assist you in using the system. Look for those helpful tutorials through the CPE reporting process.

Remember, the system is not just available to those licensees selected for CPE audit. All permit holders have been provided an account. This system is a great tool

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CPetracking System (Continued)

in managing your CPE and is available 24/7. At any time you can add courses as you complete them, upload course completion documentation, and track your compliance with meeting the mandatory 120 hours of CPE (with a subset of 2 hours of ethics) in a 3-year period. We suggest that even if you aren't selected for CPE audit this year, that you begin tracking your CPE on the system. If you are selected for audit in the future, you will already have the courses and documentation loaded and ready to submit.

Permit Holder benefits include:

- **Records are submitted and stored online, reducing the need for paper filing.**
- **Credits are entered using the basic online form and before completion documentation can be attached.**
- **Accounts are available online for all permit holders to access and add/edit records until they are required to submit their records to the Board for audit.**
- **Permit holders can download and export the records they have entered into a spreadsheet for personal record keeping or choose a printer-friendly version of their CPE records.**
- **CPE credits are submitted to the Board at the click of a button.**



2015 LEGISLATION

The Board had a very successful session at the Legislature. You can find the following bills in their entirety by going to the Montana Legislature [website](#) and looking up the bill using the bill number. The Board would like to thank the Montana Society of CPAs (MSCPA) for their assistance with Board legislation and pursuing other legislation to benefit CPA licensees in Montana. The following is a very brief summary of the bills affecting the Board.

HB44: The Board of Public Accountants had one large legislative bill pass the Legislature and signed into law by Governor Steve Bullock. The licensing part of HB44 becomes effective July 1, 2015, with the remainder effective October 1, 2015. It eliminates the CPA and LPA certificate only level of licensure in Montana. All current certificate only licensees must meet the 2000 hour experience requirement and make application for an initial permit to practice by December 31, 2017, in order to retain a Montana license. As of July 1, 2015, the Board will no longer issue certificate only licenses.

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CPetracking FAQs

IS AN EMAIL ADDRESS REQUIRED FOR THE CPetracking SYSTEM?

Yes, an email address is required in order to access the CPetracking system and to add and upload CPE information/documentation.

HOW WOULD A LICENSEE BE HANDLED WITH NO EMAIL ADDRESS?

An email address is required when a licensee first logs in to the site. Not only does this provide an additional point of contact for the Board, but it allows the "Forgot Password?" functionality to generate a link that is emailed to the licensee in the event that they forget their password. Free email accounts are available through sites like www.mailinator.com, www.google.com and www.yahoo.com.

WHAT IS MY LICENSE NUMBER?

Your license number is a multi-part number that appears on your annual license. For permit holders, it is PAC-CPAP-LIC-####. You must use the entire number in the CPetracking System.

WHAT IF LICENSEES PROVIDE NEGATIVE FEEDBACK ABOUT HAVING TO ENTER THEIR CPE ONLINE?

The goal of the Audit tool is to assist the Boards in performing their licensee audits by making the data collection more efficient for the Board and providing tools to manage the audit process online. Licensees are required to provide the Board the necessary information and documentation by some mechanism at present (spreadsheet, paper forms, paper certificates, etc.) – this provides the licensee and the Board a more efficient and reliable way to do that. The Board may make exceptions to this on a case-by-case basis as they see fit and enter a licensee's credits for them – but to benefit the Board in performing CPE audits, those instances will be the exception and not the rule.

ARE ATTACHMENTS REQUIRED FOR ALL CREDIT ENTRY?

As licensees are encouraged to enter their credit as they take them, rather than waiting to enter all credits "en masse" if they are audited – the flexibility needs to be there to allow licensees to enter in credits over multiple sessions and they may not have certificates handy at the time of entry and may need to come back in later to add those to their credits. A warning appears in [multiple locations](#) that their credit does

2015 LEGISLATION (Continued)

HB44 also eliminates the LPA level of licensure. Current LPAs with a permit to practice will continue to hold a valid license and are not required to obtain an additional license to practice. The Board will not issue any new LPA licenses.

Beginning October 1, 2015, the bill amends annual firm registration. The Board is no longer prohibited from charging a fee for the annual registrations of firms. Additionally, instead of every office being required to annually register, the new law requires all firms to annually register. If a firm has more than one location, it will simply provide the satellite office location(s) at the time of annual firm registration.

The bill eliminates the requirement for a licensee to prominently display their license. It does require a licensee to present proof of licensure upon request of a client.

Other housekeeping administrative changes were made to existing Board law to add clarity.

This legislation will require the Board to rewrite many of the existing rules of the Board. Be on the look-out for the Notice of Proposed Amendments to the existing rules.

HB184: The MSCPA shepherded a bill through the Legislature that exempts CPAs from the requirement to obtain a private investigator (PI) license when the licensed CPA is engaged in an investigation relating to the practice of public accounting. This will eliminate any conflict when a CPA is performing any type of forensic accounting investigation. This bill is effective October 1, 2015.

HB560: MSCPA supported HB 560 to change the Board of Public Accounting funding method from Legislatively Appropriated to a Statutorily Appropriated Enterprise Fund. The Board of Public Accountants is serving as a pilot project for this type of funding for professional license boards. Beginning with FY2016 (July 1, 2015), this type of funding will allow the Board to set an annual budget outside of the considerations of other professional licensing boards in the Department of Labor & Industry. The Board is currently, and will be required in the future, to charge fees to cover all costs to operate the Board. This funding change will eliminate the issue of conflicting professional licensing boards competing for dwindling legislative appropriation.

SB76: This bill was brought at the request of the Department of Labor and Industry. Beginning July 1, 2015, it allows professional licensing boards or the Department, if authorized by the licensing boards, to administratively suspend a licensee for a list of administrative infractions. An administrative suspension is not a disciplinary action and will not become part of a licensee's history. It is intended to allow boards to handle more administrative matters such as when a licensee pays for board services with an NSF check, fails to respond to an audit, or other administrative issues without the need for full blown disciplinary action.

CPetracking FAQs

not have any attachment – including immediately prior to submitting credits to the Board for an audit.

ARE THERE A MAXIMUM NUMBER OF COURSES THAT CAN BE ENTERED INTO THE SYSTEM?

There is no known limit to the number of courses that can be entered into the system.

CAN LARGE FIRMS UPLOAD ATTENDANCE RECORDS FOR THEIR CPAS?

NASBA has the ability to allow firms to submit attendance records for their CPAs electronically. The effort would be on the firm side for them to export their data into an acceptable format (a template will be provided by NASBA that matches the fields required in CPetracking) and to set up an automatic or business process for sending the records. If their CPAs are audited, the CPA will still need to attach the required documentation to each course contained in their account.

NASBA also can receive feeds from MSCPA and other approved major course providers, providing they meet NASBA's requirements. For those vendors, the information can be uploaded by the vendor to the licensee's record and no additional documentation is required.

WHAT INFORMATION IS AVAILABLE REGARDING CPE STATUS IN THE SYSTEM?

The CPetracking platform is programmed with the CPE rules for the Montana Board of Public Accountants. Each credit is evaluated to determine whether or not the program type, subject area(s) or delivery method are accepted or limited based on the Board rules. The resulting credits earned are compared to the CPE requirements for a reporting period to determine if a licensee is compliant with the requirements. Board Staff can see this information on the Compliance Status tab where they perform their audit work – licensees have access to the CPE Status report (a .pdf report) which shows a more summarized version of the same compliance information.

WHAT WILL HAPPEN TO MY CPA CERTIFICATE?

With the passage of HB44, **certificate only** licensees need to be aware of some big changes affecting your license. HB44 eliminates the **certificate only** level of licensing. As of July 1, 2015, the Board will no longer accept new **certificate only** license applications and can no longer issue a **certificate only** license to new licensees.

Current **certificate only** licensees have until December 31, 2017, to elevate your license status to a full license (permit to practice) in order to retain licensure in Montana. You can apply for a full license by completing the Initial Permit to Practice application, paying the application fee, and providing evidence of 2,000 hours of acceptable experience (form included in the Initial Permit to Practice application) attested to by a U.S. CPA and include at least 12 calendar months. Acceptable experience is performing accounting and auditing functions ordinarily required in the practice of public accounting and can come from private, governmental, academic, or public accounting work. You must apply for and receive a full license by December 31, 2017, or your Montana CPA **certificate only** will terminate.

Once you have received a full license, you may maintain the license on active status by meeting the CPE requirements and annually renewing your license on active status. You can also request that the full license be placed on inactive status. An inactive license must be renewed annually and you may not hold yourself out or practice public accounting with an inactive license. You can restore an inactive license to active status by paying the restoration fee and providing proof of meeting the 120 hour CPE requirement within three years of your restoration request.



Disciplinary Actions

In the interest of educating public accounting licensees, the Board of Public Accountants is providing recent disciplinary actions taken by the Board. The intent of this section is to educate licensees on potential pitfalls that can arise while in the practice of public accounting.

This case has been adjudicated and is now final. The official record of this contested case can be found on the licensee lookup system (ebiz.mt.gov/pol) under the Licensee Lookup. If you have questions, you are encouraged to go to the official record for further clarification.

2015-PAC-LIC-79 Clyde Brandt

Violations

MCA 37-1-316 (18) Unprofessional Conduct – conduct that does not meet the generally accepted standards of practice.

ARM 24-201-707 (1) Discreditable Acts – A firm, permit holder, or practice privilege holder shall not commit any act discreditable to the profession. A discreditable act will be considered to have occurred if, (b) a practice unit fails to comply with conditions imposed by the peer review program as a result of a “pass with deficiencies” or “failed” peer review classification.

ARM 24.201.1103 (1) Peer Review Enrollment – Firms shall enroll in an approved peer review program and pay the required fees associated with the administration of the peer review, if they perform any of the following services: an audit; a review; a compilation; or any examination, review, or agreed upon procedures engagements to be performed in accordance with SSAE.

ARM 24.201.1105 (1) Participation in Peer Review – Any firm that is dropped from or terminated by a peer review program for any reason shall have 21 days to provide written notice to the board of such termination or drop and to request authorization from the board to enroll in another board-approved peer review program.

ARM 24.201.2410 (1)(b) Enforcement Against Certificate Holder, License Holder, Permit to Practice Holders, and

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CAN I COUNT MY RECENTLY OBTAINED DESIGNATION FOR CPE?

If you have obtained an accounting certification/designation, can you use that for CPE? The answer is yes, under certain circumstances.

The certification/designation exam itself is not considered CPE and cannot be used toward fulfilling your CPE requirement of 120 hours in a 3-year period. However, the preparation course to obtain the certification/designation can be used to fulfill your CPE if it complies with Board requirements.

ARM 24.201.2120 (1) states "A program qualifies as acceptable continuing education if it is a formal group or self-study program of learning, which contributes directly to the professional competence of an individual permitted to practice public accounting." That is your first test. Did this course "contribute directly to your professional competence as a CPA?" If the answer is yes, then you must determine if the course was a group or self-study program. If the program was self-study, is it a NASBA QAS or a NASBA Registry sponsored course?

24.201.2137 (1) states "Formal self-study programs shall receive continuing education credit equal to the amount granted by the sponsor, if the sponsor is a NASBA Registry or NASBA QAS sponsor. These programs are calculated on a 50-minute hour.

(a) All other formal self-study programs receive continuing education credit equal to half of the credit granted by the sponsor."

If the certification/designation prep course was NASBA QAS or NASBA Registry sponsored, you can get full credit for the coursework. Don't know if the course provider is a NASBA QAS or NASBA Registry sponsor? Go to www.learningmarket.org and search by the course provider. In all self-study courses, the course provider must determine the credit hours of the course. If the course was not NASBA QAS or NASBA Registry sponsored, you can get half credit for the course.

In all cases, you must be provided acceptable documentation from the course provider. Acceptable CPE documentation must include:

24.201.2124 (1) states "Participants in group or self-study programs must obtain documentation of their participation (i.e., a certificate of completion or other correspondence from the sponsor). All acceptable documentation must include the following information:

- a. participant's name;
- b. sponsor;
- c. course title and/or description of content;
- d. date(s);
- e. location;
- f. number of continuing education credit hours granted; and
- g. NASBA Registry ID or NASBA QAS Sponsor ID (if applicable, applies to self-study).

At the conclusion of all coursework, group study or self-study, don't forget to log in to the CPetracking system and add the course and completion documentation to your record.

Disciplinary Actions (Continued)

Practice Privilege Holders – The following terms shall be cause for imposition of disciplinary action: failure to comply with the peer review rules of subchapter 11.

Mr. Brandt did not respond to complaint. The Board entered into a Default Order with the following conditions:

- License is indefinitely suspended
- Licensee will immediately return license to the Board office
- Pay an administrative fine of \$500
- Enroll in a Board-approved peer review program
- Complete Board-approved peer review program
- Timely complete any corrective actions and conditions imposed by the Board-approved peer review program.

State Agency Firms

You may have noticed two State agencies included in the list of expired firms featured in the February 2015 Board of Public Accountants newsletter. The Department of Health & Human Services (DPHHS) Audit Bureau and the State of Montana Legislative Audit Division. The Board determined that these two entities do not meet the definition of a public accounting firm and should not be a registered firm in the State of Montana. Both agencies remain viable entities that continue to provide valuable information and serve the citizens of Montana. They are not, however, public accounting firms and therefore are not eligible or required to be registered with the Board of Public Accountants.

We apologize if this has caused concern or confusion.



SSARS 21: WHAT IS THE IMPACT FOR NORTH CAROLINA CPAS?

REPRINTED WITH PERMISSION FROM THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS

This article presents useful and timely information to Montana licensees. We appreciate the NC State Board for allowing us to reprint this important information.

The AICPA Accounting and Review Services Committee recently issued Statement on Standards for Accounting and Review Services (SSARS) No. 21 that revises the standards for reviews, compilations, and engagements to prepare financial statements.

So what are the important takeaways from the new standard? The new standard provides increased clarity as to whether a CPA is simply preparing financial statements--a nonattest, non-assurance service--or is performing services such as a compilation or review.

SSARS 21 separates the preparation of financial statements from the reporting on those financial statements. The decision to report on the financial statements, by way of either a compilation or review report, is based solely on what type of service the CPA has been engaged to perform.

SSARS 21 consists of four (4) sections: 60, 70, 80, and 90.

Section 60 provides general principles for professional responsibilities related to engagements performed in accordance with the SSARSs.

It is foundational for the other three sections related to the preparation, compilation, and review of financial statements and provides guidance related to ethical requirements, professional judgment, and engagement level quality control.

Section 70 applies whenever a CPA is engaged to prepare financial statements, but is not engaged to perform a compilation, review, or audit on those financial statements.

The CPA will need to apply professional judgment in making the determination as to whether the CPA has been engaged to prepare financial statements or to simply

assist in preparing financial statements (bookkeeping services not subject to SSARSs).

As the engagement to prepare financial statements is a nonattest service, the CPA is not required to be independent. Also, a CPA can omit disclosures if the client does not need them.

A report is not required, even if the financial statements may be used by a third party. The CPA should include a legend on each page of the financial statements stating "no assurance is being provided." Alternative procedures are provided should management not allow the use of the legend.

Section 80 applies whenever a CPA is engaged to perform compilation services. The old language referring to the submission of financial statements to a third party has been eliminated.

The new compilation report language has been simplified to distinguish it from assurance reports for audit and review services.

The section can be applied to financial statements with or without disclosures and provides that CPAs add additional paragraphs for explanatory purposes. Section 90 applies whenever a CPA is engaged to perform review services. The accountant's review report has been updated, as SSARS 21 requires the use of headings in the report and requires the CPA name the city and state of the issuing office (accomplished through CPA letterhead).

SSARS 21 also brings in the use of emphasis-of-matter or other-matter explanatory paragraphs that were not previously required.

Other Items of Importance

- CPAs are required to use SSARS 21 for financial statements with periods ending December 15, 2015, and for periods thereafter; however, SSARS 21 can be used now as the standard allows for early implementation.

- A signed engagement letter is required for all SSARSs engagements. The agreed-upon terms of the engagement should be stated – engaged to prepare, compile, or review. The letter should be signed by both the CPA and management or those charged with governance.
- CPAs should continue to follow the Code of Conduct which prohibits a CPA from being associated with misleading financial statements – even if only performing a preparation service
- SSARS 21 removed the requirements and language regarding "management use only" financial statements.
- The Board's current rules provide that a CPA or CPA firm providing audits; reviews of financial statements; compilations of financial statements; or (any examination, review, or) agreed-upon procedures or engagements to be performed in accordance with the Statements on Standards for Attestation Engagements shall participate in a peer review program. SSARS 21 preparation services do not fall within any of the above categories.

All CPAs should be aware of the changes now in place due to the issuance of SSARS 21. These changes impact CPA's practice management and quality control.

The Board has seen where the failure of CPAs to familiarize themselves with changes in the Standards and to obtain appropriate CPE is reflected in peer review results down the line.

The above information is a simplified summary; the Board encourages all CPAs to seek out other helpful information and resources to ensure a thorough understanding of SSARS 21 and its changes.

The Montana Board of Public Accountants reiterates the importance of an engagement letter for all engagements, including those performed using preparation standards. The licensed CPA has an obligation to educate his or her client on the level of service being provided.