

BOARD OF ACCOUNTANCY
Division of Occupational and Professional Licenses
P.O. Box 83720
Boise, ID 83720-0063

Minutes of 4/21/2022

BOARD MEMBERS PRESENT: Cynthia Harmon
Larry Hunter
Kevin Oakey
Jason Peery
Michael Armstrong Jr.

BOARD MEMBERS ABSENT: Jim Bell
Toni Hackwith

DIVISION STAFF: Russel Barron, Division Administrator
Kent Absec, Licensing Program Manager
John Price, Investigative Unit Manager
Nicholas Krema, General Counsel
Bob McLaughlin, Public Information Officer
Cesley Metcalfe, Board Support Supervisor
Christian Runnalls, Board Support Specialist

OTHERS PRESENT: Andrea Rosholt, Outside Legal Counsel
Laura Lantz, Idaho Society of CPAs

The meeting was called to order at 9:00 AM MDT by Cynthia Harmon.

CONFERENCE ATTENDANCE REQUESTS

The Board discussed the cost of attending the Eastern and Western Regional Conferences and which members might attend. No action was taken

EXAM UPDATES

Mr. Absec presented information on the second transition of evolution for the CPA Exam, score holds in 2024, and the sit date versus the score release date. The Business Environment and Concepts (CEP) exam will no longer be part of the CPA Exam. The Association of International Certified Professional Accountants (AICPA) will make recommendations for score holds by May 5, 2022. Mr. Absec proposed basing the 18-month exam completion deadline on the score release date instead of the sit date to minimize extension requests. The Board discussed updating its rules regarding exam completion deadlines during Zero-Based Regulation.

CONTINUING PROFESSIONAL EDUCATION

Mr. Absec stated that the Continuing Professional Education (CPE) Committee will meet on May 9th to review audits and extensions. There are currently 71 extension requests, which is down from 91 in the previous year.

NASBA UPDATE

Mr. Absec stated that the Annual Conference for Executive Directors and Board Staff, and the Annual Conference for Board of Accountancy Legal Counsel are taking place next week. Mr. Absec, Mr. Krema, and Ms. Rosholt are attending these conferences relative to their roles. Mr. Peery stated that the NASBA regional conference is the first week of June.

NASBA COMMITTEE INTEREST

Board members provided updates for the NASBA committees on which they serve.

DOPL, ZBR, AND THE BOARD'S ROLE

Mr. Barron discussed the creation, composition, and purpose of the Division of Occupational and Professional Licenses (DOPL). He also provided information on the purpose and process of Zero-Based Regulation (ZBR), and the Board's role in the process.

FINANCIAL UPDATE

Mr. Absec gave the financial report, which indicated that the Board had a cash balance of \$461,142.24 as of March 23, 2022. The Board asked questions and shared concerns with the lack of detailed financial information. Mr. Barron stated that a packet with additional information on the new financial process will be sent to all boards and a more detailed financial report will be available in the coming months.

REPORTS TO THE BOARD

Mr. Absec provided a staffing report and an update on the status of the Division's move to its permanent building.

LEGAL COUNSEL REPORT

Mr. Krema informed the Board that the 2022 Legislative Session adjourned on March 31, 2022, without passing omnibus rules. The Governor is expected to reauthorize the rules. Ms. Rosholt and Mr. Krema will attend the 2022 Annual Conference for Board of Accountancy Legal Counsel.

ZERO-BASED REGULATION

The Board reviewed staff recommendations for the rules outlined below. Unless otherwise stated, the Board approved the recommendations

Rule 004.02- CPE Standards:

The Division staff suggested updating the incorporation by reference of the 2016 Statements on Standards for Continuing Professional Education Programs to the current version.

Rule 018- Compliance with These Rules:

Division Staff suggested deleting this rule as substantially equivalent to Idaho Code § 54-227.

Rule 019- Computation of Time:

Division staff suggested deleting this rule as this matter is addressed in the Administrative Procedures Act.

Rule 020- Good Moral Character:

Division staff recommended deleting this rule and updating Idaho Code § 54-206(11) to align with recently passed Senate Bill 1368. Mr. Hunter expressed concerns over deleting rules that are mentioned in statute and believes that administrative rules are meant to amplify statute. Mr. Krema explained that if the topics are the same, but the rule provides broader interpretation of the statutory mandate, it is appropriate to retain. When they are duplicative in content, the rule should be eliminated.

Rule 021- Notification of Change of Address, Felony Charges, or Actions Taken:

Division staff recommended deleting this rule as duplicative of Idaho Code § 67-2614(5).

Rule 101- Exam Applications:

Division staff suggested deleting this rule as duplicative of Idaho Code § 54-208.

Rule 106.01- Actions:

Division staff suggested deleting the last sentence regarding cheating because it is already addressed in Idaho Code § 54-219. The Board agreed. Staff also suggested changing “will” to “may” regarding exam score invalidation due to cheating. Mr. Peery asked whether there would ever be an instance in which the exam score is not invalidated when the examinee has cheated. Mr. Absec stated that the Board may

potentially disagree with the exam score provider's findings or be unable to prove the case of cheating. Mr. Krema stated that changing the word to "may" gives the Board some discretion. Mr. Peery suggested that it may provide candidates an opportunity to argue. Mr. Hunter stated that the legal profession prefers discretionary words to recognize circumstances when appearances are deceptive. Mr. Peery and Mr. Oakey stated that this rule appears to apply only to those who have cheated, not those with unsubstantiated allegations of cheating. Ms. Rosholt echoed the sentiment that using the word "may" gives the Board discretion for dealing with unusual circumstances. Mr. Peery suggested updating the language to state that cheating will invalidate the score and may result in barring the applicant from further testing. Mr. Krema asked the Board if this rule is even necessary since it has statutory authority to act against applicants who have been accused of cheating. This topic will be revisited at a future date.

Rule 106.02- Hearings:

Division Staff suggested deleting this rule because the majority of this topic is already addressed in the Administrative Procedures Act. Staff also suggested adding subsection c, regarding retest limitations, to 106.01 because it is not addressed elsewhere.

Rule 200.04- Initial License Application Fee:

Division Staff suggested deleting this rule as unnecessary as fees are discussed in rule 600.

Rule 202- Practice Privileges:

Division staff recommended changing the title to "Internet Disclosure" for clarity.

Rule 202.01- Substantially Equivalent:

Division staff suggested deleting this rule as duplicative of Idaho Code § 54-227.

Rule 300 - Applicability of Rules:

Division staff suggested deleting all but subsection 05 of this rule as duplicative of Idaho Code § 54-192 and the incorporated AICPA Code of Conduct. Staff suggested that subsection 05 may be broader than the AICPA Code of Conduct and should remain to provide clarification to licensees that they are responsible for the actions of others within their firm. Ms. Rosholt quickly researched the matter and stated the AICPA seems to cover subsection 05. The Board will continue discussion of this topic at the next meeting.

Rule 302.02- Exemptions:

Division staff asked the Board if it would like staff to look into aligning this rule more with the AICPA Code of Conduct. The Board directed staff to bring suggested changes to the next meeting.

Rule 303- Records:

Division staff asked the Board for additional information on the purpose of this rule. Both parties will conduct research to address this topic at the next meeting.

Rule 305- Communications:

Division staff suggesting changing the title to “Response to the Board” for clarity.

Rule 305.02- Complaints:

Division staff suggested deleting this rule to align with Idaho Code § 67-2614.

Rule 400.01 – Renewal:

Division staff asked the Board if it would like to make any changes to the continuing education requirements. The Board was not in support of making changes.

Rule 401.01.a.- Reporting:

Division staff stated that they are looking into whether CPE reciprocity can be added to this rule. The Board was in support of the addition and directed staff to work toward the change.

Rule 406- Reinstatement and Re-entry:

Division staff suggested deleting “The applicant is required to identify and complete a program of learning designed to demonstrate the currency of the applicant’s competencies directly related to his area of service.” This is duplicative of the AICPA Statement of Standards.

Rule 407- Formerly Licensed:

Division staff recommended deleting this rule as unnecessary.

Rule 408- Continuing Professional Education Committee:

Division staff suggested deleting this rule as unnecessary. Mr. Crema stated that all committees are subject to the Open Meeting Law. He further stated that the Board

has the authority to form a subcommittee in an open meeting, so it doesn't need to be in rule.

Rule 511- Peer Review Oversight Committee:

Division staff suggested deleting this rule as unnecessary because the Board has the ability to participate in the regional peer review committee.

Rule 200.01.b.- Education:

The Board directed Division staff to update 200.01.b.i. to allow for accreditation by a regional accrediting organization recognized by the Council for Higher Education Accreditation (CHEA). The Board also deleted 200.01.b.ii as unnecessary and directed Division staff to add "any other accrediting agency having equivalent standards" as a separate subsection.

Rule 200.01.c.ii and 200.01.c.iii- Education

Division staff suggested clarifying that completion of 24 semester hours must be in upper-level undergraduate accounting courses. Division staff also suggested including data analytics to the required topics for 15 hours of graduate level courses. Changes were made to align with other states so that Idaho applicants applying for reciprocity in other states will retain substantial equivalency.

The Board authorized release of an updated draft of suggested rule changes for use in upcoming public listening sessions.

COMPLAINT MEMORANDUM

Mr. Price gave the investigative report.

FOR BOARD DETERMINATION

Mr. Peery made a motion to approve the Division's recommendation and authorize closure in case number I-ACC-2022-2. It was seconded by Mr. Armstrong. Motion carried.

APPROVAL OF MINUTES

Mr. Oakey made a motion to approve the minutes of 2/24/2022. It was seconded by Mr. Hunter. Motion carried.

Ms. Harmon adjourned the meeting at 1:20 PM MDT