NEW HAMPSHIRE
BOARD OF ACCOUNTANCY
BOARD REPORT

https://www.oplc.nh.gov/accountancy/ Summer 2019

Contact Information

Office of Professional Licensure and Certification
121 South Fruit Street
Concord, NH 03301

603-271-2152 (Phone)
www.oplc.nh.gov/accountancy
joseph.shoemaker@oplc.nh.gov

Board Meetings Dates for 2019

August 19, 2019
October 21, 2019
December 16, 2019

Board meeting schedules are subject to change. If you have any questions please contact the Board office at (603) 271-2219. Meetings may include public and non-public sessions. Meetings are held at the Office of Professional Licensure and Certification, 121 South Fruit Street, Concord, NH 03301. Meetings are held at 9:00 a.m. unless otherwise indicated.

CONTINUING PROFESSIONAL EDUCATION (CPE) AUDIT: ARE YOU READY?

What is a CPE audit?

The CPE audit ensures that CPAs are complying with continuing professional education rules. This, in turn, protects both the profession and the public it serves.

How are CPAs chosen for the CPE audit?

A percentage of our active CPAs are selected at random. CPAs selected for a CPE audit receive a letter from the Board via regular mail.

What do I need to submit to the Board?

1. The name of each organization that sponsored each program;
2. The location of program;
3. Title of program or description of content;

The dates of the applicant's attendance at the program;

4. The number of hours claimed, by category, as having been completed by the applicant;
5. Documented proof of the hours claimed, as set forth in Ac 403.02(d) – (g); and
6. The applicant's signature, and date attesting that the information contained in the application is true and correct to the best of the applicant's knowledge and belief.

What are some common errors to avoid?

The most efficient way to comply with a CPE audit is by providing the correct documentation in a timely manner. But, mistakes happen. Here are some common errors to watch for:

- Reporting undocumented learning activities
- Reporting CPE credits in the wrong year
- Failing to retain appropriate documentation
- Remember, you must have a minimum of 20 hours per reporting year. See Rule Ac 403.01 Continuing Professional Education Requirements.

What happens if I cannot provide appropriate documentation?

Failure to respond or provide appropriate CPE documentation will be dealt with by the Board on a case by case basis.

Questions?

If you have questions regarding the CPE audit process or CPE reporting overall, please contact our Executive Director, Joseph Shoemaker, at (603) 271-2152 or via email at joseph.shoemaker@oplc.nh.gov, or refer to the CPE Guidelines.

UNAUTHORIZED PRACTICE OF PUBLIC ACCOUNTANCY

Help Us Identify Unlicensed Individuals and Firms Offering Accounting Services

It often comes to the Board's attention that individuals are holding themselves out as CPAs, when in fact they are not licensed. In some cases the individual may have no credentials and in others their license has either been not renewed or has been suspended. If you suspect websites, signage, business cards, letterheads, or other marketing materials that are false or misleading, you may report it by calling: (603) 271-2152 or email:joseph.shoemaker@oplc.nh.gov.

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THE IMPACT OF NEW DATA PRIVACY LAWS ON CPAS

CPAs have long been subject to professional requirements for confidentiality and privacy. In recent years, these long-standing confidentiality requirements have been supplemented by data privacy laws. While these new data privacy regulations apply to nearly all businesses and professionals, they are particularly relevant to CPAs because of the large amount of sensitive data that CPAs maintain for their clients. These data privacy regulations are rapidly changing, and therefore it is important for CPAs to constantly stay up-to-date regarding changes and developments.

Section 18 of the Uniform Accountancy Act and (with some variation) similar language in all 50 state accountancy acts and board rules contain confidentiality requirements. Under these regulations, CPAs must refrain from voluntarily disclosing confidential client information. However, state laws allow some exceptions for peer review, and to comply with subpoenas, board investigations, and similar events. The AICPA Code of Conduct similarly prohibits disclosures of confidential client information without specific consent.

In the past decade, there has been a push towards stronger data privacy laws in the United States, as well as around the world. In the United States, the practical impact of this has been the passage of data breach laws in all 50 states, as well as strict data protection guidelines in several states. In the European Union, the 2018 enactment of the General Data Protection Regulation has had far-reaching and significant impacts, not just in Europe but around the world. Countries elsewhere have followed suit, enacting strict data protection laws. Many of these foreign laws can even apply to U.S. based companies and CPA firms, if these firms have even minimal contacts within the state or country that has enacted the law.

The data privacy legal landscape in the United States is centered primarily on state law requirements. There are some federal data laws that may be relevant to CPAs, including laws protecting health

information, children, and preventing unwanted emails and calls. But, the vast majority of regulation on this issue is occurring at the state level.

In practice, these state laws generally apply in any situation where a resident of the state's data is collected, meaning that most CPAs will need to consider the laws of multiple states. Since these laws vary by state, if a large firm is affected by a data breach that impacts customers based in all 50 states, then dozens of states' breach requirement laws might apply.

With the variation noted, the 50 states' data breach laws generally set the following requirements if a CPA firm's records are breached, with an unauthorized party gaining access:

- The firm may need to provide notice to affected data subjects, with that notice taking a specific form.
- Notice to government officials may be required- often within the office of the attorney general.

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Are You Moving?

Whether you move next door or across the country, Board rules require you to notify us within 30 days!

Visit https://www.oplc.nh.gov/accountancy
Email: joseph.shoemaker@ oplc.nh.gov
Phone: 603-271-2152

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THE IMPACT OF NEW DATA PRIVACY LAWS ON CPAS

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- Affected parties may be awarded compensation.
- Fines may be imposed.
- Remedial steps may be required to prevent future breaches.

These requirements all vary widely by state.

Beyond these data breach requirements, there are additional state laws to consider. For any firm that includes a California resident as a client, California data privacy laws may apply. These are by far the strictest such laws in the United States, and include amendments enacted in 2018 that could affect larger CPA firms and businesses employing CPAs. Other states are beginning to follow suit and enact laws similar to the California law in terms of scale and impact.

Outside the United States, the strictest data privacy law in the world, the European Union General Data Protection Regulation, should also be considered. It was drafted to impact any business or firm that processes the personal data of a European Union citizen or resident- even if that business or firm has no presence in the EU.

The EU General Data Protection Regulation sets many requirements for affected CPA firms, including:

- Extensive internal privacy policy and security requirements.
- Lengthy contractual, procedural, and legal requirements for transferring any EU citizen or resident personal data out of the EU.
- Periodic assessment requirements for firms making large-scale changes to their businesses.
- A number of legal consequences in the event of a data breach, including sizable fine amounts and remedial consequences.

In most European Union countries, enforcement is only just beginning, with some jurisdictions beginning fairly aggressive enforcement efforts. Investigations of dozens, or at this point potential hundreds, of companies is now underway. There have been fines issued against violators totaling in the tens of millions of dollars. A number of US headquartered companies (albeit with substantial EU presences) have been targeted for enforcement. Additionally, there has been at least one incident involving GDPR implementation in US courts. A shareholder of a large US company filed a class action lawsuit in US courts alleging that the company was not adequately prepared for GDPR compliance. Given this situation, it appears that the General Data Protection Regulation may be an important legal development for CPA firms, even those based entirely in the United States.

It is also worth noting that other countries, including in the past few weeks Brazil and Thailand, have started enacting data privacy laws that are closely modeled on the General Data Protection Regulation. Aside from impacting CPA firms that do business directly with these countries, these laws are also drafted to protect the data of any citizen or resident of the country, regardless of the location of the firm processing their data.

These new laws have several practical impacts. First, firms are having to keep pace with rapid legal developments. Just in the past six months, there have been changes to data breach laws in Arkansas, Illinois, Maryland, New Jersey, New York, Oregon, Texas, Utah, and Washington. Second, more technical expertise is required to maintain compliance with industry standards, laws, and to ensure best practices in data security and data protection. And third, firms are having to cope with a legal environment where the litigation and enforcement risks are significantly larger than they have been in the past. It is important for firms to maintain the necessary legal and technical support to adequately address this ever-changing and complex issue.