Board Counsel Boot Camp

June 2019

Board Counsel Boot Camp

Table of Contents

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Board Counsel Boot Camp

Introduction

I. Who is this course designed for?

This course is designed for newly-appointed counsel to the board of accountancy. Some sections may also be helpful for new board executive directors, investigators, and enforcement staff.

II. What are the goals of the course?

The primary goal of this course is to arm new board counsel with basic information that will help familiarize them with their new role. It provides an overview of the accountancy profession, different regulatory oversight pathways for CPAs, advocacy groups for the profession, and covers key concepts like mobility and peer review.

It is important to remember that this course presents a general overview of topics impacting board oversight of CPAs and firms. The specific ways in which boards address these topics vary by jurisdiction. Therefore, always consult the statutes of the jurisdiction involved, along with its Board of Accountancy's rules, to comply with and enforce governing authority.

III. What is NASBA's role?

NASBA is an association dedicated to enhancing the effectiveness of the country's 55 state boards of accountancy; it is not a regulatory body. NASBA accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. NASBA takes pride in offering its member boards a rich portfolio of products and services, all designed to effectively aid boards in their goal to protect the public.[1]

The Basics of the Accountancy Profession

I. What do CPAs do?

The AICPA defines a CPA, or Certified Public Accountant, as a trusted financial advisor who helps individuals, businesses, and other organizations plan and reach their financial goals.[2] Becoming a Certified Public Accountant (CPA) gives an accountant higher standing in the eyes of business contacts, professional peers, regulators, and clients alike. This is because a CPA has met minimum education requirements, passed a rigorous four-part exam, and agreed to abide by a code of ethics.[3]

Accounting is often called the "language of business" because it deals with interpreting and communicating information about a company's operations and finances.

---

[1] https://nasba.org/about

[2] https://www.aicpa.org/becomeacpa/gettingstarted/frequentlyaskedquestions.html#What_is_a_CPA

[3] https://www.accountingedu.org/what-does-a-cpa-do.html

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Accounting is extremely important to any company because the financial information, as interpreted by CPAs, allows executives to make informed business decisions-decisions that help those companies become more successful.

Economic events are measured and described by accounting. Everyone works with and uses accounting ideas, whether they're managing a business, investing money, or just deciding how to spend their paycheck.

In business, accounting links the past with the future. It provides decision-makers information about recent financial activity, as well as information and recommendations useful for forecasting future events.[4]

II. Which tasks require a license?

In general, state accountancy acts restrict the performance of attest services[5] to CPAs employed by CPA firms.

Attest services include:

1. Audits of financial statements.
2. Reviews of financial statements.
3. Compilations of financial statements, although this varies by jurisdiction.
4. Agreed-Upon Procedures.

III. What other tasks can a CPA do that other accountants cannot?

Public accounting encompasses a wide range of accounting, auditing, tax, and consulting tasks for corporations, small businesses, non-profit organizations, governments, and individuals. Most state accountancy acts allow non-CPAs to perform most of those tasks, as long as they are not attest services. However, there are some other areas in which other regulatory bodies have mandated a CPA license. For example, non-CPAs cannot:

1. Audit or review financial statements and file a report with the Securities and Exchange Commission (SEC). All public companies must file audited financial statements with the SEC. Importantly, auditors should not prepare the financial statement, as that would result in a potential independence issue by auditing their own work.
2. Represent clients in front of the Internal Revenue Service (IRS) by virtue of the CPA designation. However, a non-CPA who is an attorney, or an enrolled practitioner, i.e., enrolled agent, enrolled retirement plan agent, or enrolled actuary, can also represent clients before the IRS.

Also, most states limit non-CPA ownership of CPA firms to 49 percent; although a few states (New York and Delaware are notable examples) require that CPA firms be 100 percent CPA-owned.[6]

---

[4] https://www.aicpa.org/becomeacpa/gettingstarted/frequentlyaskedquestions.html#Important
[5] https://www.aicpa.org/Advocacy/State/DownloadableDocuments/What-Are-Attest-Services.pdf
[6] https://www.accountingedu.org/what-does-a-cpa-do.html

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

IV. What are a CPA's ethical duties?

The following are core ethical principles that CPAs must adhere to in the performance of their professional duties:[7]

Responsibilities and Confidentiality

In carrying out their responsibilities as professionals, CPAs should exercise sensitive professional and moral judgments in all their activities.

The Public Interest

Auditors should accept the obligation to act in a way that will serve the public interest, honor the public trust and demonstrate commitment to professionalism. In some jurisdictions, this obligation is limited to performance of attest services; for non-attest services, the CPA has a fiduciary duty to the client and not to the public at large.

Integrity

To maintain and broaden public confidence, CPAs should perform all professional responsibilities with the highest sense of integrity.

Objectivity and Independence

CPAs should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. A CPA should be independent in fact and appearance when providing auditing and other attestation services.

Competence and Due Care

A CPA should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the CPA's ability.

V. How to become a CPA

The AICPA describes the basic timeline to licensing as including education, examination and experience.

To begin, the CPA candidate must complete a program of study in accounting at a college or university. The AICPA recommends at least 150 semester hours of college coursework.

The next step is to sit for the Uniform CPA Examination. While the Exam is developed and graded by the AICPA, eligibility to sit for the CPA Exam is determined by the state board of accountancy in each of the 55 U.S. jurisdictions, which include the 50 states, District of Columbia, Puerto Rico, U.S. Virgin Islands, the Commonwealth of Northern Mariana Islands, and Guam.

Upon passing the CPA Exam, a CPA certificate is issued to the CPA candidate in many jurisdictions. This is not a license to practice. Rather, other educational and professional work experience requirements for licensure that vary from state to state must be met prior to engaging in the practice of public accountancy.

[7] https://www.accountingfoundation.org/jsp/Foundation/Page/FAFSectionPage&cid=1351027541272

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Of course, jurisdictions vary. In some jurisdictions, the candidate may sit for the exam having taken less than 150 semester hours. However, in most jurisdictions, 150 hours are required for licensure.

Once licensed to practice as a CPA, completion of continuing professional education courses annually is required to retain the CPA license.[8]

VI. What's the importance of the definition of attest?

The keystone of most state accountancy acts reserves the issuance of reports in standard form on audited, reviewed and compiled financial statements and other attest information to licensees who have demonstrated qualifications to perform attest and compilation services.[9]

Although an expectation of some minimal level of competence is involved when a person or entity is engaged to perform services for hire, whatever the services may be, the degree to which such an expectation involves a substantial public interest and, in consequence, the degree to which it justifies legal regulation, varies significantly with both the level of skill required for adequate performance of the service, and the range and severity of adverse consequences that may derive from inadequate performance.

Not only does the attest function call for the greatest breadth and most intense development of the professional skills employed by CPAs, but it invites the highest degree of reliance by the widest segment of the public. When attest and compilation services are not competently and properly performed, the breadth and severity of the possible adverse consequences are far greater than those attendant upon other services performed by CPAs.

Only CPAs operating within CPA firms can perform attest services.

VII. Reporting engagements

1. **Audit:** Audits are at the top of the hierarchical list of attest engagements. All audits must be performed in accordance with the Statements on Auditing Standards (SAS). There are specific types of engagements that may require additional procedures beyond the SAS standards. For example, an audit of a publicly traded company must also comply with PCAOB standards, audits of governmental entities must adhere to "Yellow Book" standards, audits of international companies might need to adhere to International Standards on Auditing
2. **Review:** A review is a professional service similar in nature to the audit function, although differing in the level of assurance implied, is the conduct of "reviews" of financial statements and the issuance of reports upon such reviews. Formal standards have been promulgated by the AICPA in a series of Statements on Standards for Accounting and Review Services (SSARS), and reviews conducted in accordance with such standards may call upon the same level of knowledge as does an audit. Although the degree of assurance (explicit and implied) in reports upon reviews purporting to comply with the AICPA's formal standards is less than that expressed and implied by reports represented to be based upon an audit, the issuance of such reports is restricted to persons who have demonstrated the qualifications necessary to perform the audit function.[10]

[8] https://www.aicpa.org/becomeacpa/gettingstarted/frequentlyaskedquestions.html#Become_A_CPA
[9] https://nasba.org/app/uploads/2018/02/UAA1.29.20183.12p.m.FINALFINAL.pdf
[10] https://www.aicpa.org/Advocacy/State/DownloadableDocuments/Attest-Services-Chart-Color-Nonfillable.pdf

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

3. **Agreed-Upon Procedure (AUP):** This is a catch-all category in which CPAs issue reports on "subject matter." AUPs are conducted in accordance with the Standards for Attestation Engagements (SSAE). The "subject matter" of an AUP can be almost anything and they are sometimes cited when CPAs tabulate and attest to the outcome of things like beauty pageants. The skills necessary to perform such services are at least as demanding as the level of knowledge necessary to perform the audit process.[11]
4. **Compilation:** The lowest level of assurance provided by CPAs is the compilation report. That report means that the CPA has merely taken the information provided by the client and put it in an acceptable format that follows GAAP (generally accepted accounting procedures). The CPA does not stand behind any of the numbers on that financial statement. Compilations must b." conducted in accordance with SSARS. Note that compilations are not treated as attestation reports in every jurisdiction; consult the statutes and rules of the specific jurisdiction to determine how compilations are characterized.
5. **Preparation:** If a CPA prepares financial statements for a client, but does not include a report on it, then they have merely "prepared" a financial statement. This is technically not seen as an attest service, but it still must be conducted in accordance with SSARS.

More information on the statements on accounting standards referenced in the descriptions above (SAS, SSAE, SSARS) is included in the section on Accounting Profession Regulation.

IV. What does it mean for a CPA to hold out?

For most states, the terms "CPA certificate" and "CPA license" are inter-changeable. In these states, holding out as a CPA is permitted once the candidate has obtained their license or certificate, and may continue to do so as long as they meet renewal requirements. However, for "two-tier states," there is a distinction between the two:[12]

CPA Certificate:

- Work experience is often not required.
- No CPA CPE (continuing professional education) hours required.
- Scope of work is limited as certificate holder cannot own a CPA firm (either as sole owner or partner) or sign an audit attestation report.
- Cannot normally hold yourself out as a CPA. Some states allow you to say, "CPA but not in public practice," while others simply don't allow you to use the title in any way.

CPA License:

- Typically require one to two years of working experience, supervised and/or verified by a CPA licensee.
- CPE hours required every reporting years (typically 120 hours every three years).
- Can use CPA title in business cards and own CPA firm/sign attestation report.

V. Summary

This basic overview of the accounting profession is designed to familiarize new board counsel with some of the key concepts that form the foundation for the CPA profession. Each section in the course covers a topic

[11] Id.
[12] https://ipassthecpaexam.com/cpa-certificate-vs-license/

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

relevant to the licensure and regulation of CPAs and firms, and the enforcement functions of boards of accountancy and other agencies with authority over CPAs and firms.

Requests for further information on any of the topics addressed in this course may be sent to NASBA's Regulatory Affairs Manager at regulatoryaffairs@nasba.org.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Regulation of the Accountancy Profession

1. Why is it important to regulate the accountancy profession?
    a. To protect consumers and the public so they have standards they can count on when hiring a CPA, and recourse if those standards are not met.
    b. Consistent competencies across jurisdictions (mobility)
    c. To enhance the integrity of audited financial statements so that the users of those statements can confidently make decisions based upon their contents.
2. What are the regulatory authorities that determine and enforce professional standards for CPAs?
    a. Statutes
        i. Enabling statutes for board of accountancy
        ii. Business organization statutes
    b. Board rules/administrative law
        i. Examples of how states promulgate rules
    c. Uniform Accountancy Act and Model Rules[13]
    d. Broader laws that impact accountancy regulation
        i. Military licensing benefits[14]
        ii. Biometric data collection (privacy)
        iii. Legalization/classification of marijuana[15]
        iv. NC Dental decision and fallout[16]
3. By what means are those standards implemented and enforced? What regulatory bodies monitor the activities of CPAs?
    a. Boards of accountancy
    b. Federal agencies

[13] https://nasba.org/blog/2018/02/02/the-release-of-the-uniform-accountancy-act-uaa-eighth-edition/
[14] http://www.cqstatetrack.com/texis/statetrack/insession/viewrpt/main.html?event=54ecde94a04#TX
[15] https://nasba.org/mc/legislativesupport/marijuana-board-guidance/
[16] https://nasba.org/mc/legislativesupport/north-carolina-dental-case/

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

i. **SEC:** The Securities & Exchange Commission conducts investigations into possible violations of the federal securities laws and litigates the Commission's civil enforcement proceedings in the federal courts and in administrative proceedings. Financial reporting related enforcement actions concerning civil lawsuits brought by the Commission in federal court and notices and orders concerning the institution and/or settlement of administrative proceeding are posted online.[17] The SEC publishes Litigation Releases[18] and Accounting and Auditing enforcement actions[19] on its website.

PCAOB: The Public Company Accounting Oversight Board (also known as the PCAOB) is a private-sector, nonprofit corporation created by the Sarbanes-Oxley Act of 2002 to oversee accounting professionals who provide independent audit reports for publicly traded companies. As explained on the SEC website, when Congress created the PCAOB, it gave the SEC the authority to oversee the PCAOB's operations, to appoint or remove members, to approve the PCAOB's budget and rules, and to entertain appeals of PCAOB inspection reports and disciplinary actions. That is the reason it appears here within this section of the course.[20]

The PCAOB's responsibilities include the following:

a. registering public accounting firms;
b. establishing auditing, quality control, ethics, independence, and other standards relating to public company audits;
c. conducting inspections, investigations, and disciplinary proceedings of registered accounting firms; and
d. enforcing compliance with Sarbanes-Oxley.

The Public Company Accounting Oversight Board has authority to investigate and discipline registered public accounting firms and persons associated with those firms for noncompliance with the Sarbanes-Oxley Act of 2002, the rules of the PCAOB and the Securities and Exchange Commission, and other laws, rules, and professional standards governing the audits of public companies, brokers, and dealers. When violations are found, the PCAOB can impose appropriate sanctions. [21] The PCAOB publishes disciplinary actions on its website.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

ii. **IRS:** The Internal Revenue Service issues a Preparer Tax Identification Number (PTIN) that authorizes an individual to prepare tax returns. PTINs are issued to enrolled agents, CPAs, attorneys, and unlicensed professionals.[22] The IRS has disciplinary authority over PTIN holders, including CPA PTIN holders. The Internal Revenue Service's Office of Professional Responsibility (OPR) publishes all disciplinary actions in the Internal Revenue Bulletin (IRB). Published sanctions include censure, suspension or disbarment from practice before the Internal Revenue Service (IRS). [23]

iii. **DOL – ERISA Employee Benefit Plan Audits:** Generally, Federal law requires employee benefit plans (EBP) with 100 or more participants to have an audit as part of their obligation to file an annual return/report (Form 5500 Series). If your employee benefit plan is required to have an audit, one of the most important duties of the plan administrator is to hire an independent qualified public accountant.[24,25]
The Department of Labor refers disciplinary actions on deficient EBP audits to boards and the AICPA. DOL referrals and cooperative enforcement are covered in another Boot Camp session.

iv. **ED** – Department of Education Office of Inspector General: Audits of educational institutions, student loan servicers, and other single audits under the Department of Education's umbrella.[26]
The Department of Education refers disciplinary actions on deficient audits to boards. Referrals from federal agencies are covered in another Boot Camp session.

4. What roles do the various nonprofits like NASBA, the AICPA, and the PCAOB serve?
   a. **AICPA:** Two Organizations
      i. **American Institute of Certified Public Accountants:** Founded in 1887, the AICPA represents the CPA profession nationally regarding rule-making

---

[17] https://www.sec.gov/divisions/enforce/friactions.shtml
[18] https://www.sec.gov/litigation/litreleases.shtml
[19] https://www.sec.gov/divisions/enforce/friactions.shtml
[20] https://www.sec.gov/fast-answers/answerspcaobhtm.html
[21] https://pcaobus.org//enforcement/Pages/default.aspx
[22] https://www.irs.gov/tax-professionals/understanding-tax-return-preparer-credentials-and-qualifications
[23] https://www.irs.gov/tax-professionals/disciplinary-sanctions-internal-revenue-bulletin
[24] https://www.dol.gov/agencies/ebsa
[25] https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/selecting-an-auditor-for-your-employee-benefit-plan.pdf
[26] https://www2.ed.gov/about/offices/list/oig/nonfed/auditguidefaqs.pdf

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations. The AICPA develops standards for audits of private companies and other services by CPAs; provides educational guidance materials to its members; develops and grades the Uniform CPA Examination; and monitors and enforces compliance with the profession's technical and ethical standards.[27]

ii. **Association of International Certified Professional Accountants:** Formed by members of the Chartered Institute of Management Accountants (CIMA) and the American Institute of CPAs (AICPA), the Association of International Certified Professional Accountants builds on a century-long heritage of excellence. AICPA is one of the most influential body of professional accountants in the world. Its mission is to drive a dynamic accounting profession ready to meet the demands of a constantly changing, disruptive world. AICPA serves 667,000 CPAs, CGMA designation holders and students in 184 countries and territories — providing the tools, resources and intelligence they need to clarify complexity, anticipate risk and create opportunity. We are their voice, protecting the public interest and powering trust, opportunity and prosperity worldwide. [28]

b. **FASB**: On its website, the Financial Accounting Standards Board (FASB) describes itself as the independent, private-sector, not-for-profit organization based in Norwalk, Connecticut, that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP).
The FASB is recognized by the Securities and Exchange Commission as the designated accounting standard setter for public companies. FASB standards are recognized as authoritative by many other organizations, including state Boards of Accountancy and the American Institute of CPAs (AICPA). The FASB develops and issues financial accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to investors and others who use financial reports. This entity creates GAAP (generally accepted accounting principles).[29]

c. **GASB**: As explained on its website, the Governmental Accounting Standards Board (GASB) was established in 1984 and is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and

[27] https://www.aicpa.org/about/missionandhistory.html
[28] https://www.aicpa-cima.com/about-us/mission.html
[29] https://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176154526495

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).
The GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports. Basically, the GASB is like the FASB, but for governmental entities.[30]

d. **NASBA:** The purpose of the National Association of State Boards of Accountancy is to provide an organization to protect, promote, foster and advance the common interests and welfare of boards of accountancy of the various states of the United States, its territories and the District of Columbia. The Association shall provide a forum for the exchange of information and obtaining assistance in discharging such boards' responsibilities for the administration of public accountancy laws and for the protection of the public interest as it is affected by the practice of public accountancy.[31]
NASBA provides boards several enforcement tools, including those that help boards effectively work with the SEC, IRS, DOL, and DOE.[32] These tools are covered in a separate Boot Camp session, along with referrals from federal agencies and cooperative enforcement.

e. What about **State Societies?** State societies offer CPAs a number of resources and support functions, peer review administration and CPE offerings (and tracking) chief among them. In addition, societies represent the professional views of their members to governmental, regulatory and standard-setting bodies, and provide forums for members to network at the state and local levels.

Sample jurisdictions:

i. **California**[33]
Vision
CalCPA efforts cause CalCPA members to be viewed as leaders in professional competency and integrity by clients, employers, the public and government officials.
Mission

[30] https://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176168081485
[31] https://nasba.org/blog/2018/02/01/nasbabylaws/
[32] https://nasba.org/mc/enforcementtools/
[33] https://www.calcpa.org/who-we-are/calcpa-factsheet

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

To increase the value and promote the integrity of the CPA profession; contribute to the success of our members; and strengthen client, employer, public and government trust in CalCPA member advice, work products and opinions.

Core Values

- Trust
- Integrity
- Competence
- Public Protection

Strategic Priorities

The following strategic priorities support CalCPA's vision and mission as well as the organization's long-term success.

- Advocate for issues that protect the profession.
- Enhance and promote the visibility of CalCPA and the profession.
- Cultivate the pipeline of future financial professionals and CalCPA members.
- Provide value and engagement at every career stage.

ii. **Pennsylvania**[34]

The PICPA preserves the legacy and propels the integrity of the CPA profession. When you belong to the PICPA, along with 22,000 members, you have the professional and personal support to refine skills, expand knowledge, connect with like-minded people, and achieve bigger and better things at every stage of your professional life.

Affiliation with the PICPA represents commitment to the CPA profession, including adherence to the Code of Professional Conduct and to a stringent set of professional and technical standards.

5. How do the various organizations fit into the regulatory framework?

State societies and boards often join forces in proposing legislation or, in some cases, opposing proposed legislation that impact the profession. NASBA also aids in these combined efforts.

[34] https://www.picpa.org/belong-engage/who-we-are

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Agencies and Organizations with Disciplinary Power over CPAs			
Agency/Organization	**Method/Role**	**Disciplinary Sanction**	**Purview**
State Board of Accountancy	board disciplinary action, rulemaking	suspension or revocation of license, CPE requirements, preissuance review	licensing and compliance of CPAs and CPA firms with accountancy statutes and rules of the jurisdiction
Securities & Exchange Commission (SEC)	administrative proceedings and federal civil court enforcement actions	enjoin or cease and desist from future violations of securities laws, monetary penalties, suspension or bar from appearing or practicing before the SEC as an accountant	violations of the federal securities laws
Public Company Accounting Oversight Board (PCAOB)	disciplinary orders and public adjudicated disciplinary orders imposing sanctions	censure, monetary penalties, revocation of a firm's registration, and a bar on an individual's association with registered accounting firms	compliance with the Sarbanes-Oxley Act of 2002, the rules of the PCAOB and the Securities and Exchange Commission, and other laws, rules, and professional standards governing the audits of public companies, brokers, and dealers
Internal Revenue Service (IRS)	disciplinary action	censure, suspension or disbarment from practice before the Internal Revenue Service	OPR regulates individuals practicing before the IRS, including CPA, attorneys, enrolled agents, enrolled actuaries, enrolled retirement plan agents and appraisers
Department of Labor (DOL)	civil and criminal actions, referral to AICPA and state board of accountancy	making corrections to plans includes paying amounts to restore losses, disgorging profits, ensuring claims are properly processed and paid, and assessing monetary penalties	ERISA Employee Benefit Plan (EBP) audits
Office of Inspector General, Office of Audit Servides (OIG-OAS)	referral to state boards of accountancy and/or AICPA	refusal to accept audit reports	oversees non-Federal audit activity, including conducting quality control reviews of audits of State and local governments, colleges and universities, and nonprofit organizations; oversees HHS's annual financial statement audits conducted under the Chief Financial Officers Act and HHS's annual Federal Information Security Management Act audits
Office of Inspector General, Department of Education (OIG - ED)	referral to state boards of accountancy and/or AICPA	suspension and debarment, referral to state board of accountancy	auditors performing single audits related to the Department of Education
American Institute of Certified Professional Accountants (AICPA)	standard setting, investigations and automatic disciplinary provisions, advocacy, support	admonishment, termination or suspension of membership, corrective actions	compliance with the profession’s technical and ethical standards
Financial Accounting Standards Board (FASB)	standard setting	none	public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP)
Governmental Accounting Standards Board (GASB)	standard setting	none	U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP)
National Association of State Boards of Accountancy	advocacy, support	none	CPAs and CPA firms and related programs (e.g., peer review)
State CPA Societies	administration, advocacy, support, CPE	none	peer review program administration

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Board Counsel Boot Camp

What is a peer review?

- An independent evaluation of a CPA firm's work
- Seeks to verify firm is meeting professional standards and regulatory requirements
- End goal is to improve audit quality to protect public interest

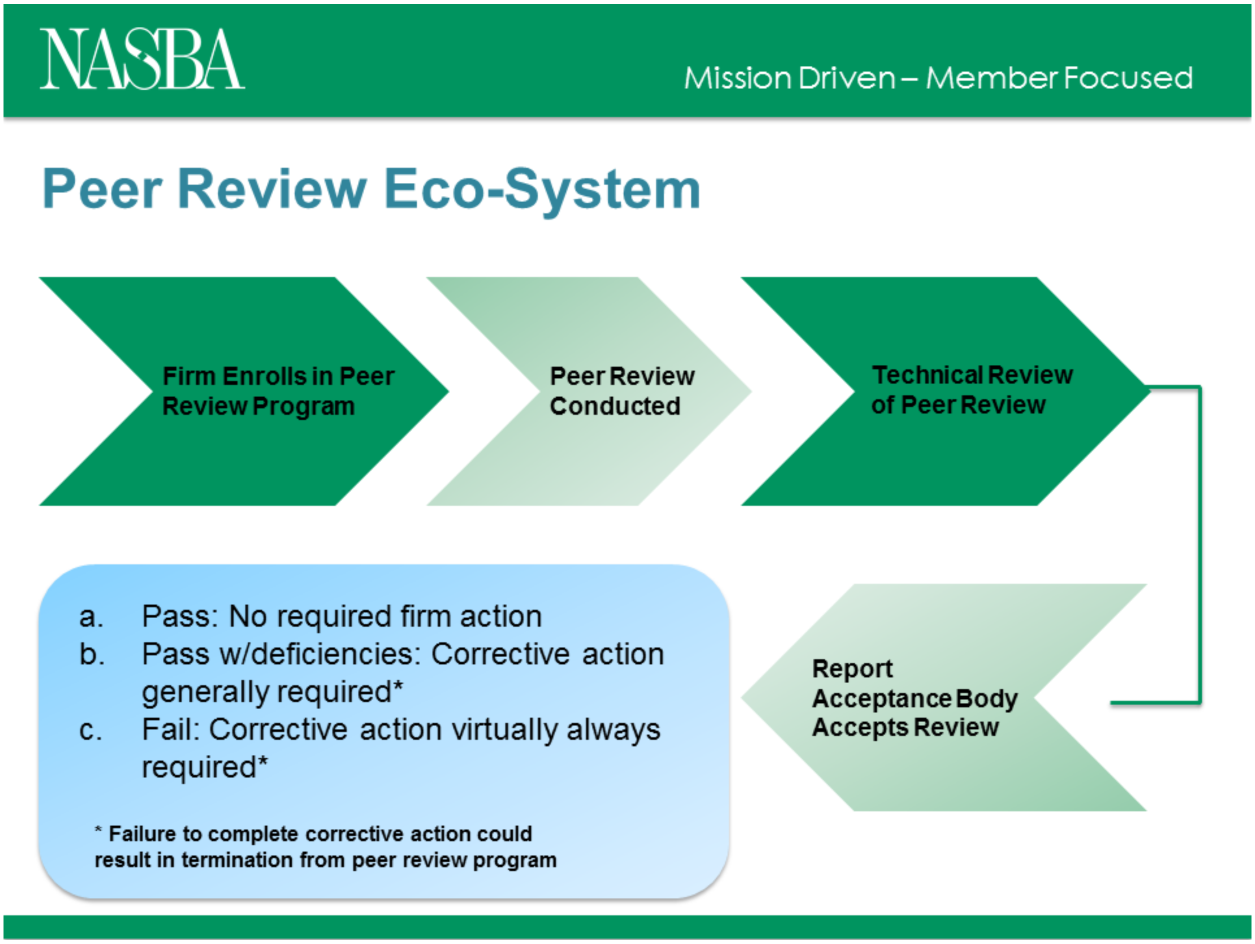
How did peer review programs get started?

- Began as voluntary program in 1970s
- Became AICPA membership requirement in 1988
- Now a requirement for licensure in 53 jurisdictions
- Must be conducted at least once every three years
- Program has had little change since inception
- Market changes and new public expectations require peer review to improve

How does the peer review process work?

1. Firms enroll with administering entity (AE) when they start performing accounting and auditing engagements.
    a. Due date is ordinarily 18 months from the year end of the first engagement.
    b. Due date is the latest date for the peer reviewer to complete the peer review and submit it to the administering entity.
2. Firm selects peer reviewer.
3. AE approves peer reviewer selected by firm.
    a. A peer review cannot begin until AE confirms that the peer reviewer is acceptable.
4. A technical reviewer who is a CPA reviews the engagement and any issues are noted and communicated to peer reviewer, who must respond.
5. After technical review, the peer review is submitted to a "report acceptance body" (RAB) which consists of 3 or 4 committee members who are peer reviewers.
    a. Review must go to RAB within 120 days of being submitted to AE.
6. RAB accepts review or requests changes.
    a. If passing report, RAB generally accepts without requiring firm to take further action.
    b. If pass with deficiencies or fail, corrective action will almost always be required (e.g., pre-issuance review of an audit, post-issuance review of an audit, team captain revisit, monitoring report and/or CPE).
    c. If corrective actions not completed timely, firm's enrollment may ultimately be terminated. (BOAs can assist with this process.)

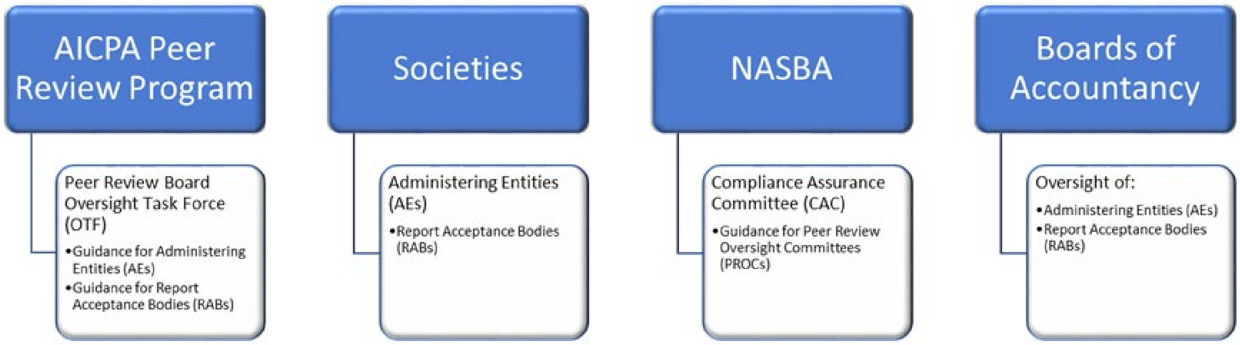
Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

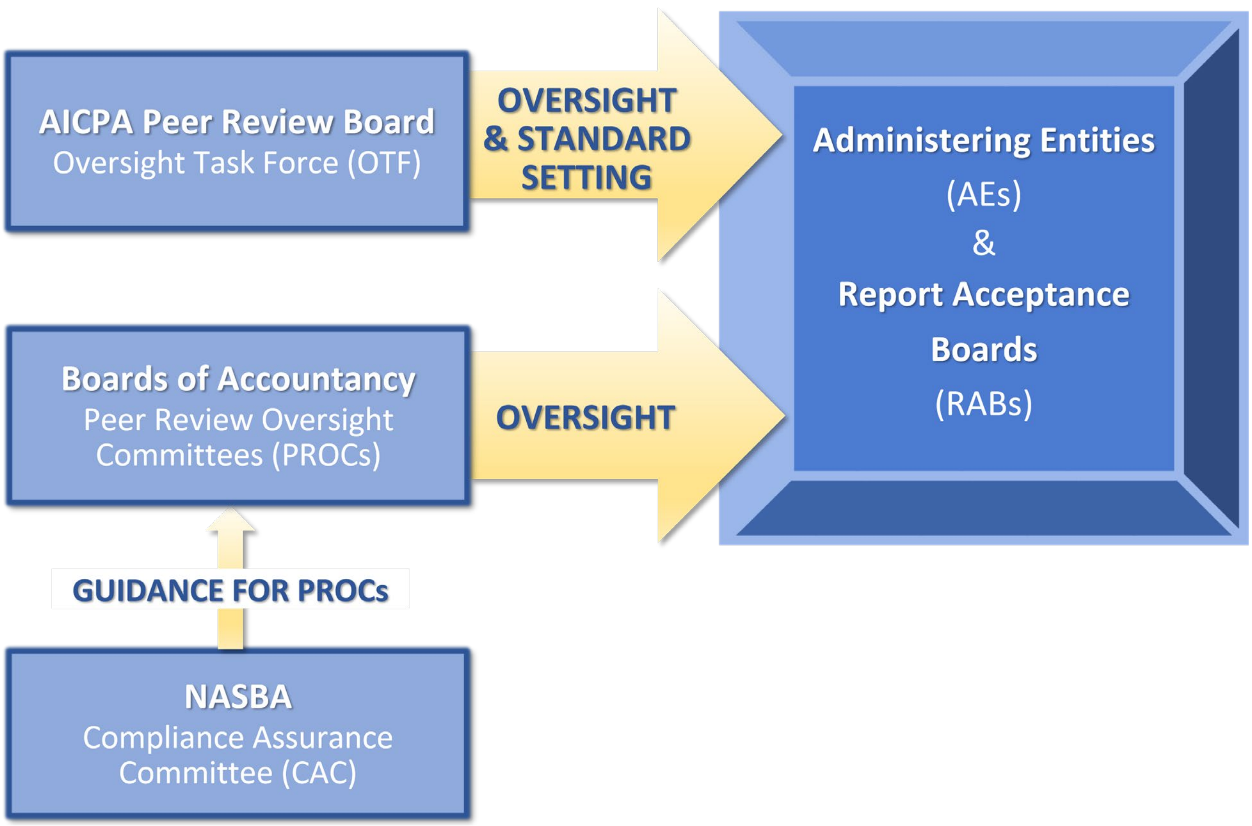


What does peer review oversight look like?

1. The AICPA owns and runs the overall Peer Review Program. Boards of Accountancy require peer review for firm licensure. The AICPA's Peer Review Board (PRB) is a committee that helps oversee the peer review standards and processes ultimately adopted and enforced by the AICPA.
2. State societies administer the peer review program in their respective states; some state societies administer the programs for other states in addition to their own. The societies that administer the peer review program are referred to as Administering Entities (AEs). Recently, there has been movement toward consolidation of AEs across jurisdictions, meaning there are fewer AEs covering multiple jurisdictions.
3. The Oversight Task Force (OTF) is a task force of the Peer Review Board that oversights the AEs and the administration of the peer review program. Report Acceptance Bodies (RABs) are committees of each administering entity that review and accept the peer reviews administered by the administering entities.
4. NASBA's Compliance Assurance Committee (CAC) helps make recommendations and provides guidance on oversight of the AEs and RABs to the Peer Review Oversight Committees (PROCs) of the boards of accountancy. PROC oversee the activities of RABs and their AEs.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.





Improving peer review oversight

The AICPA is doing a lot of things to help improve the peer review program in general such as new training and education requirements for Peer Reviewers and RAB members. They have also strengthened the remediation process for firms whose peer reviews have deficiencies and accelerated the process of removing firms from the program that are unwilling to comply with the remediation. The AICPA has also taken major steps with its oversight of the peer review program to help improve the whole program. Three areas of oversight where the AICPA has focused their work are: Enhanced Oversight, Completeness, and A proposed new model for the Administering Entities.

1. **Enhanced Oversight -** The AICPA Peer Review Board (PRB) has begun more heavily scrutinizing peer reviewers' performance when evaluating audits of high public interest, such as Employee Benefit Plans (EBP) and Single Audits. The increased oversight follows a 2014 pilot program that found that

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

44% of selected engagements failed to conform to applicable professional standards in all material aspects, yet peer reviewers only identified 8% of the work as being non-compliant. Enhanced Oversight is now a permanent PRB initiative, with the number of engagements selected for 2015 more than double that of the pilot year.

The results of the 2014 pilot underscored the need for additional oversight, which is only performed on firms enrolled in the AICPA Peer Review Program, and prompted the PRB to issue draft revisions to the AICPA Standards for Performing and Reporting Peer Reviews (Standards) that propose allowing non-AICPA member firms to enroll in the AICPA Peer Review Program. Currently, such firms are enrolled in programs sponsored by state CPA societies which, though AICPA Standards are followed, do not subject such firms to certain national-level rigors, such as Enhanced Oversight.

Starting in 2017, reviewers performed an enhanced assessment of each firm's quality-control system using materials developed with help from the Auditing Standards Board and other AICPA committees. The objective of these efforts is to improve detection of quality challenges so that firms can appropriately remediate. In instances where firms do not remediate as required, the PRB can quickly terminate firms from the Peer Review Program.

2. **Completeness Project -** The AICPA is engaged in multiple initiatives to increase the likelihood that all firms that are required to have a peer review are actually enrolled in the Peer Review Program (PRB) and that all engagements that should be subject to peer review are included in the scope.

   The PRB performed an analysis of the U. S. Department of Labor's (DOL's) EFAST2 database (employee benefit plan audits), which resulted in a 21% noncompliance rate (1,000 of 5,000) with peer review requirements. The PRB recently completed a similar analysis of Single Audits filed with the Federal Audit Clearinghouse (FAC) to identify firms performing Single Audit engagements. The results of this study were better than the study of the DOL's database, but still indicated a significant rate of noncompliance. Another study of the EFAST2 database will be conducted in the coming months.

   To promote compliance, the AICPA has also started gathering Employer Identification Numbers (EINs) from all enrolled firms which will facilitate database comparisons with publicly available databases such as EFAST2 and the FAC. Firms that fail to submit their EIN will be dropped from peer review, which could put them at risk of not meeting state licensing requirements. As of August 2016, the AICPA has obtained EINs for approximately 62% of the 37,000 enrolled firms, and request efforts are continuing.

3. A **new model for Administering Entities (AEs) -** The AICPA recognized there were some areas of improvement needed at the AE level and they needed to elevate their standards and expectations of the Administering entities. So, in January 2016, they released a proposed evolution of peer review administration suggesting that AEs consolidate down to a small number of the best performing AEs, which means all the remaining AEs would have to administer peer reviews for multiple states. After much discussion and tons of feedback from state societies, boards of accountancy, NASBA and the Compliance Assurance Committee, the AICPA released a revised version of the paper on January 4, 2017. The January 2017 paper proposed a new strict benchmarking model for which Administering Entities would be measured against. It includes sample criteria for the benchmarks that must be met by the AEs and discusses steps for removing AEs from the program if they are found to be out of compliance with the benchmarks and fail to remediate.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

On August 31, 2017, the AICPA released a follow-up paper, “Evolving Peer Review Administration to Enhance Audit Quality.” In it, the AICPA presents an enhanced model for peer review program administration requiring AEs to meet specific benchmarks, diligently monitored by the AICPA, and increasing transparency of AE performance. This paper outlines the specific benchmarks to be met.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Board Counsel Boot Camp – Mobility

Mobility, or When Does a CPA Need a License?

Overview – What is "mobility"?

The concept of mobility is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent jurisdiction to practice in a jurisdiction other than the one in which the CPA's principal place of business is located, without obtaining a license in the target state.

All U.S. states except Hawaii have adopted mobility legislation. The CPA seeking to practice under mobility must hold an active unrestricted license in good standing in the jurisdiction of his principal place of business ("the original license" in "the home jurisdiction"). To be granted the original license, the CPA must have met all education, exam, and experience requirements of the home jurisdiction.

A CPA performing services through mobility may only perform the same level of services (e.g., attest or non-attest) in the mobility jurisdiction as he is permitted to perform in the home jurisdiction.

Individual Mobility

Mobility is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent jurisdiction to practice in a jurisdiction other than the one in which the CPA's principal place of business is located, without obtaining a license in the target state.

For purposes of individual practice privileges, an applicant that has an active certificate as a certified public accountant from any jurisdiction that has obtained from a Board of Accountancy or NASBA a determination of substantial equivalency with the Uniform Accountancy Act's CPA certificate requirements shall be presumed to have qualifications substantially equivalent to those of the practice privilege jurisdiction. Individual CPAs from states that are not substantially equivalent may qualify under the substantial equivalency standard on an individual basis. Any CPA that wants to obtain a reciprocal certificate under substantial equivalency must personally possess qualifications that are substantially equivalent to, or exceed, the CPA licensure provisions in the Uniform Accountancy Act.[35]

Firm Mobility

Firm Mobility allows a CPA firm to provide attest services in another state where it is not registered and does not have a physical office, under a "no notice, no fee, no escape" regime. Firm mobility language builds off the Uniform Accountancy Act's (UAA) concepts regarding individual CPA mobility.

CPA firm mobility has been enhanced because even though an individual using practice privileges must render attest services through a CPA firm licensed in some state, if the firm complies with the ownership (Section 7(c)) and peer review (Section 7(h)) requirements, the firm would only need a permit in the states in which it has an office, regardless of the type of service or where such service is performed. The ownership and peer review requirements would protect the practice privilege state through firm quality standards comparable to substantial equivalency for practice privilege individuals. For purposes of firm mobility, a firm holding a valid permit from a U.S. jurisdiction, complying with the firm ownership and peer review requirements, would be able to perform any professional service (including attest) in any other state so long as it does so through individuals with practice privileges who can lawfully do so in the state where said individuals have their principal place of business. A firm not meeting both the ownership and peer review requirements could provide nonattest services and use the "CPA" title in any other state so long as it does so

[35] Uniform Accountancy Act, Eighth Edition, January 2018 (UAA-I-6)

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

through individuals with practice privileges, and so long as the firm can lawfully do so in the state where said individuals with practice privileges have their principal place of business. Indeed, a firm complying with Section 7(a)(1)(C) would only have to obtain permits in states where it has offices.[36]

What is Substantial Equivalency?

Differing requirements for CPA certification, reciprocity, temporary practice, and other aspects of state accountancy legislation in the 55 American licensing jurisdictions (the 50 states, Puerto Rico, the District of Columbia, the U.S. Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands) constituted artificial barriers to the interstate practice and mobility of certified public accountants. The UAA seeks to eliminate such differences and the barriers that they pose to effective practice of CPAs under modern conditions through the standard of "substantial equivalency" that was added to the Act in 1998. The mobility and enforcement enhancements that have been added can assure stronger and more efficient state board enforcement in the context of modern cross-border and electronic commerce in which state lines are often blurred.[37]

The concept of Substantial Equivalency was developed to allow licensed CPAs to practice across jurisdictions more readily. Under Section 23 of the Uniform Accountancy Act (UAA), a CPA with a CPA license in good standing from a jurisdiction with CPA licensing requirements that are essentially equivalent to those outlined in the UAA (degree with 150 hours, minimum one year experience and successful completion of the Uniform CPA Examination) may be granted a privilege to practice in another jurisdiction that is not the CPA's principal place of business.[38]

Most jurisdictions have adopted a Section 23 privilege to practice. It is the responsibility of the CPA to contact the Board of Accountancy in the state they intend to practice to determine if the state has adopted Section 23 and if it requires notification or payment of a fee. This information may also be found in NASBA's Accountancy Licensing Library (subscription required for access) and on CPAMobility.org (free access).

NASBA's National Qualification Appraisal Service (NQAS) has reviewed the CPA licensure requirements of its member jurisdictions to determine which CPA licensure requirements are substantially equivalent to the licensure requirements of the UAA. Individuals who are licensed in jurisdictions that are not substantially equivalent may have their credentials evaluated by NASBA's CredentialNet service to determine their individual substantial equivalency.

CPAMobility.org

CPAMobility.org is a great tool for providing basic mobility information – for both individuals and firms – available online at no cost. Navigate to cpamobility.org, select the jurisdiction where the individual or firm is licensed, then select the jurisdiction in which the individual or firm wishes to practice, and identify the type of services to be provided. Click Submit, and mobility information specific to the inputs will be displayed.

[36] Uniform Accountancy Act, Eighth Edition, January 2018 (UAA-I-6,7)
[37] Uniform Accountancy Act, Eighth Edition, January 2018 (UAA-I-2)
[38] https://nasba.org/licensure/substantialequivalency/

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

How do federal agencies work with boards on enforcement matters?

Boards of Accountancy deal with enforcement issues within their own jurisdiction, enforcement across jurisdictional borders through mobility, and enforcement issues arising from services performed by a board's licensee before another federal or state agency.

Internal Revenue Service

Whenever it appears that a tax professional has not performed his or her duties in accordance with applicable standards, the matter will be sent to the Office of Professional Responsibility (OPR). The OPR is a division within the Internal Revenue Service (IRS) responsible for ensuring all tax professionals and other third parties in the tax system adhere to professional standards and follow the law.

Any discipline issued by the OPR only affects the practitioner's ability to practice before the IRS and does not impact his ability to continue to practice as a CPA if he is otherwise licensed to do so. Due to this limitation of disciplinary power by the IRS, it is important that boards be aware of any discipline issued by the IRS against a licensed CPA so that the licensing board can proceed to take its own disciplinary action against the CPA's license if appropriate.

The IRS is unable to share much information with the public, including boards of accountancy, due to privacy restrictions in their laws and rules. However, a listserv is available which will allow a board to subscribe to an email list and receive information directly from the IRS. OPR's listserv will provide up-to-date information to IRS enforcement personnel, who deal with practitioners/representatives as part of their assigned duties, and to the tax professional community. Subscribers will be notified by email regarding:

- OPR disciplinary actions
- Press releases
- New items
- Rules governing those who practice before the IRS and related updates
- Educational info about OPR, its mission and priorities

You can subscribe to the listserv through the IRS' OPR page.

To verify a practitioner's current status to practice, please contact:

Internal Revenue Service, Office of Professional Responsibility
Attention: SE: OPR
Room 7238/IR, 1111 Constitution Avenue NW
Washington, DC 20224

To obtain information regarding Final Agency Decisions, please contact:

Stephen Whitlock, Director
Office of Professional Responsibility
Internal Revenue Service
Stephen.A.Whitlock@irs.gov

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Securities & Exchange Commission

The Securities & Exchange Commission (SEC) was created to protect investors and to promote fair and efficient markets. Although most people recognize the SEC as the entity that regulates the stock market, most may not realize that the SEC is a law enforcement agency.

Its Enforcement Division assists the SEC in investigating and prosecuting securities law violations through civil actions in federal court and works closely with law enforcement agencies in the U.S. and around the world to bring criminal cases when appropriate. In some cases, CPAs are implicated in SEC actions. It is these cases that are of interest to boards of accountancy.

The SEC will send a letter to the boards of accountancy upon conclusion of a case against a CPA. The letter will include contact information to help the boards gain more information, if needed. General information can be obtained by calling the SEC contact person identified on the letter. Additional information and copies of the SEC file documentation can be requested by submitting an Access Request form. The form is accessible from the NASBA website.

If your board has received a letter from the SEC, the best option for gaining additional information is to reach out to the contact person identified within the letter. If you are following up on a matter that you have discovered either from the SEC website or the NASBA Quarterly Enforcement Report, you can contact Casey Kittredge Risso in the Office of the Chief Accountant at the SEC. Her contact information is provided on NASBA's website.

Primary Contact:
Casey Kittredge Risso
Program Support Specialist
Office of the Chief Accountant
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549
202-551-5357 Direct Dial
202-551-5300 Main Line
rissoc@sec.gov or OCAStateBoard@sec.gov

Secondary Contact:
Ryan W. Wolfe
Sr. Associate Chief Accountant
Office of the Chief Accountant
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549
202-551-5380 Direct Dial
202-551-5300 Main Line
wolfer@sec.gov

Department of Labor

The DOL is engaged in an ongoing program to evaluate the quality of employee benefit plan audits. Their responsibility extends to more than 6,000 CPA firms who audit more than 80,000 retirement and welfare benefit plans. The DOL uses a variety of strategies to review audit work. They conduct firmwide, more holistic

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

inspections of firms with large benefit plan practices and review engagements of a sample of firms with smaller practices.

The DOL may share limited information regarding its inspection with the appropriate board of accountancy and the AICPA, provided the licensee has signed a consent with the DOL. However, the DOL does not share detailed information on its inspection with the appropriate board.

Marcus Aron
Senior Auditor
U.S. Department of Labor – Division of Accounting Services Employee Benefits Security Administration
aron.marcus@dol.gov

Michael Auerbach, Acting Chief Accountant
U.S. Department of Labor – Employee Benefits Security Administration
200 Constitution Ave. NW, Suite 400
Washington, DC 20210
Tel (202) 693-8363
Fax (202) 693-8697

If the DOL case is one that the AICPA is also investigating, the board may gain access to the AICPA's investigatory files in one of two ways:

Option 1 – With Cooperative Enforcement Agreement:

1. A Cooperative Enforcement Agreement is in place between the AICPA and the respective board of accountancy.
2. The board sends the firm/CPA an AICPA Consent Form for signature. Once the signed consent is received, the AICPA may share information with the board during and upon conclusion of the investigation.
3. The board agrees to wait until the AICPA completes its investigation before beginning a board investigation.
4. The board may use AICPA files and consider its conclusions in making its assessment.

The AICPA Cooperative Enforcement Agreement is available for download from NASBA.org.

Option 2 – Without Cooperative Enforcement Agreement

1. The board learns of the AICPA's investigation.
2. The AICPA investigation has been completed.
3. The board sends the firm/CPA a consent agreement, with wording to include, "I hereby authorize the American Institute of Certified Public Accountants (AICPA) to provide the (name of the state board of public accountancy) with all information concerning the AICPA's investigation of the above-referenced matter."
4. Upon receipt of the signed consent from the firm or CPA, the board forwards a copy of the consent to the AICPA and the files are released within days of receipt of the consent by the AICPA.

Most Boards are authorized to request such information from their licensees and can also discipline the licensee solely upon a failure to cooperate with the Board in such situations.

For assistance with an AICPA Cooperative Enforcement Agreement or consent form, please contact NASBA's Regulatory Affairs Manager at regulatoryaffairs@nasba.org, or Jennifer Clayton at the AICPA:

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Jennifer.Clayton@aicpa-cima.com
(919) 402-4917

Department of Education

Mark Priebe
U.S. Department of Education – Office of Inspector General
Director Non-Federal Audit Team
Mark.Priebe@ed.gov
(202) 245-8255

Online Resources

In addition to the information presented here, NASBA has a series of videos available online that explain the process of working with federal agencies on enforcement matters. Visit https://nasba.org/mc/enforcementtools/communicatingwithfederalagencies/ for links to these videos.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Board Counsel Boot Camp

What resources does NASBA offer boards to support Board Counsel and enforcement efforts?

Board Counsel Email Group

NASBA's Regulatory Affairs Manager maintains a Board Counsel email group through which members (limited to board counsel) may solicit information from each other on questions they face in their work with the accountancy board to which they are assigned. To take advantage of this service, send your request to the Regulatory Affairs Manager at regulatoryaffairs@nasba.org or to ewolfe@nasba.org who will distribute the question(s) to the group via email and assemble all responses into one document for reference.

Assistance with Statute and Rule Drafts

NASBA's Regulatory Affairs Manager is also available to assist board counsel with drafting statutes and rules by providing comparisons of the board's current or proposed language with the Uniform Accountancy Act and Model Rules. Send your request for drafting assistance to regulatoryaffairs@nasba.org or to ewolfe@nasba.org.

Enforcement Resource Guide

The Enforcement Resource Guide is a great resource that allows accountancy board staff to benefit from the experience of other boards. The Components of Enforcement section contains information addressing the various stages of the enforcement process, from start to finish, and is divided into nine components. In each section, the enforcement step is defined and explained, and guidance is given regarding best practices. The sample forms and board models allow staff to see how similar states handle particular enforcement situations, and also allow the staff to see relevant useful sample forms, rather than having to "recreate the wheel" with every new enforcement issue.

The guide is available to current executive directors and board members of the state boards of accountancy in a password-protected area of the NASBA website. To request login credentials, email us at website@nasba.org.

Guiding Principles of Enforcement

The purpose of issuing the Guiding Principles is to promote consumer protection by promoting uniformly effective board enforcement and disclosure policies and practices nationally as a reinforcing compliment to mobility, which depends upon all states having confidence in the enforcement and disclosure policies and practices of the home state of the mobile licensee. While of course not binding on boards, the Guiding Principles are based on exhaustive, multi-year research into the enforcement and disclosure practices and policies of the boards of the 55 jurisdictions, and represent NASBA identifying common practices for boards to consider and, potentially, against which to measure themselves.

Enforcement Newsletter

The Enforcement Newsletter combines the pertinent information from the Accountancy License Database (ALD) and CPAverify with important news and information from Enforcement. Newsletters are produced periodically whenever important, relevant topics warrant Board discussion. View all issues of the Enforcement Newsletter, as well as past issues of the ALD Newsletter, at https://nasba.org/news/publications-archive/.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

Communicating with Federal Agencies

Boards of Accountancy deal with enforcement issues within their own jurisdiction, enforcement across jurisdictional borders through mobility, and enforcement issues arising from services performed by a board's licensee before another federal or state agency.

For example, a CPA licensed in his home jurisdiction who performs substandard work before the IRS may be disciplined by the IRS. The conduct involved in the IRS enforcement action may also provide the basis for an enforcement action by the licensing board of the home jurisdiction.

As such, it is important to facilitate the sharing of information between the Boards of Accountancy and various state or federal agencies which deal with CPAs and CPA firms. Because the process for obtaining information differs among each agency, NASBA provides guidance in how to do so for the Internal Revenue Service (IRS), Department of Labor (DOL), and Securities & Exchange Commission (SEC). Links to this information are found at https://nasba.org/mc/enforcementtools/communicatingwithfederalagencies/.

Federal Agency Enforcement Series

The Federal Agency Enforcement Series consists of three video modules that provide an overview of the enforcement process at the DOL, IRS, and the SEC.

Each module gives an introduction to the agency, an explanation of the enforcement process, a discussion regarding the process for sharing enforcement information between the agency and boards of accountancy, and useful forms and contact information to assist in the process. You will find the video series at https://nasba.org/mc/enforcementtools/federalagencyenforcementseries/.

Quarterly Enforcement Reports

The Enforcement Resources Committee continues to work with NASBA to gather information from federal agencies regarding disciplinary or enforcement matters involving CPAs or CPA firms that might be of interest to Boards. The Quarterly Enforcement Report is currently a compilation of information obtained from the Securities & Exchange Commission, Internal Revenue Service, PCAOB and AICPA, assembled in a sortable Excel workbook. Links to source materials are included wherever possible, so that boards may readily access the details of cases relevant to their jurisdiction. The information is also compared against the Accountancy Licensing Database (ALD) to help Boards identify any individual or firm that may be one of their licensees.

The Quarterly Enforcement Report is distributed to Executive Directors in early April, July, October, and January. The reports are also posted on NASBA.org.

HUD Single Audits Database

Entities that receive federal funds, including states, local governments, and not-for-profit organizations (NPOs), are subject to audit requirements commonly referred to as "single audits" under the Single Audit Act of 1984, as amended in 1996. The Single Audit Act was enacted to standardize the requirements for auditing federal programs.

The U.S. Department of Housing and Urban Development (HUD) requires Single Audits of entities participating in various HUD programs. HUD maintains a database cataloging Single Audits. This data is available for download from HUD's website. Boards of accountancy may find access to this database helpful as they work through enforcement cases, to identify licensees of their jurisdiction that have conducted HUD Single Audits.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

The HUD database includes the contact information for each audited entity and the CPA firm that completed its HUD Single Audit, arranged by fiscal year. For records beginning in fiscal year 2013, the database also includes Employee Identification Numbers (EINs) for both.

To download information from this database, visit HUD's website, select the fiscal year(s) for which you wish to download audit data, and click "Generate Downloads." HUD provides instructions on how to open the downloaded data in Excel, as well as a key to the fields in the database.

Reports of PTIN Holders

The IRS requires tax preparers to indicate whether or not they are a licensed CPA when registering as a Preparer Tax Identification Number (PTIN) holder. All PTINs expire on December 31 of each year. PTIN renewal open season begins approximately October 16 each year for the following year.

The IRS has made this information available online at https://www.irs.gov/tax-professionals/ptin-information-and-the-freedom-of-information-act.

Here you will find links to files containing PTIN data by jurisdiction, including the 50 U.S. states, District of Columbia, U.S. Territories, and International locations. There is also a "Consolidated PTIN List" file that contains data from all individual files accessible on the web page. Data is updated twice annually, on March 1 and September 1.

EBP Auditor Population Statistics

NASBA works with the Department of Labor (DOL) to obtain an annual listing of Employee Benefit Plan (EBP) audits. This information allows the Boards to verify whether proper firm licensure and/or peer review requirements were met by firms performing EBP audits for a plan sponsor located in its jurisdiction. The spreadsheets linked below can be filtered to allow each Board to view the audits performed for plans in its jurisdiction, as well as providing the value of the assets, the CPA firm EIN number, and other information gathered from the 5500 filing. Helpful guidance for effective use of this information is provided in the TIP sheet below. A link to the AICPA guidance for audits document is also provided.

Investigatory Tips Series

The Brainshark series, "Tips for Investigating Alleged Audit Violations" provides investigative tips from the perspectives of the AICPA, demonstrates how state boards of accountancy may effectively investigate alleged audit violations identified by the peer review process, and illustrates how to use SEC and PCAOB investigative material to support an investigation.

Investigator Training Series

NASBA's Investigator Training Series is comprised of six modules created to provide introductory training for investigators assigned to investigate a complaint for a Board of Accountancy. Upon completion, users may opt to take a quiz and receive a certificate of completion acknowledging their work.

Investigators and Expert Witness Pools

Investigators and expert witnesses are critical to the enforcement process of Boards of Accountancy. However, many boards do not have experienced accounting investigators and experts attached to their boards. The Investigator and Expert Witness databases assist executive directors in locating the appropriate investigator or expert witness for their situation, whether to work on a particular case or on an ongoing basis with the Board.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.

CPAverify.org

Free and open to the public, CPAverify.org is a CPA lookup tool populated by official state regulatory data sent from Boards of Accountancy to a central database. The website represents the first ever single-source national database of licensed CPAs and CPA firms. Determine a CPA or CPA firm's credentials without having to search each of the 55 Boards of Accountancy website individually. Additionally, CPAverify.org also includes markers of enforcement, non-compliance or disciplinary action for added confidence in hiring a CPA.

CPAverify provides several advantages including:

- Giving the public confidence in hiring a CPA for personal or business purposes
- Assisting accounting firms in tracking their employees' license renewal dates
- Giving hiring managers a quick and easy way to verify pre-hire credentials
- Dissuading fraudulent use of the CPA designation while simultaneously promoting its value

ALD.org

US Accountancy Licensee Database (ALD), a program of the National Association of State Boards of Accountancy, is a central repository of current licensee information of certified public accountants and accounting firms registered in the 55 accounting jurisdictions (50 states and District of Columbia, Guam, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands).

The ALD is designed to provide license information specific to each participating state board and their licensees. Only the specified information from the boards of accountancy can be available to the public, firms, or regulatory authorities. In other words, if a participating jurisdiction has limits on licensee information they collect and retain, the information provided by the ALD will be reflective of only such information.

Launched on August 31, 2005, with licensee information from the jurisdictions of Louisiana, Missouri, Tennessee and Texas, additional licensee and firm information will be accessible through the ALD as jurisdictions make information available.

Copyright © 2019 National Association of State Boards of Accountancy, Inc. All rights reserved.