

NEWSLETTER

VERMONT BOARD OF PUBLIC ACCOUNTANCY

Secretary of State, Office of Professional Regulation

Topics in this newsletter include: Chair's Report, Members' Biographies, New Statutes, (and Transition Policy), CPE Rules and More, Peer Review, Disciplinary Actions, etc.

Board Members

The members of the Vermont Board of Public Accountancy and their term expiration dates are as follows:

Pamela J. Douglass, CPA, Chairperson, Brandon, Vermont; (12/09);

Lee M. Spivey, Jr., CPA, Manchester Center, Vermont (12/08);

Claire LaVoie, CPA, North Hero, Vermont (12/09);

John C. Borch, CPA, Jericho, Vermont (12/08); and

Cairn G. Cross, (public member), Ferrisburg, Vermont (12/10).

Members are appointed by the Governor and serve until a successor is appointed.

Introduction

The Board of Public Accountancy is pleased to bring you its third Newsletter. This Newsletter contains information about changes to laws and rules highlighting areas of significant change, and other issues pertaining to this quickly changing field.

OPR has Moved!

On July 27, 2007, the Office of Professional Regulation moved to its new location at the National Life Insurance Building in Montpelier. This move consolidated most of OPR's staff, who were previously located at three separate locations. Our new mailing address is Vermont Secretary of State, Office of Professional Regulation, National Life Building, North, FL2, Montpelier, VT 05620-3402. The new phone number to the main office is **802-828-1505**. Our direct phone numbers and E-Mail addresses remain the same.

The other divisions of the Secretary of State's Office remain at their current locations.

Staff

Patty Skinner is the Board's Administrative Assistant. Ms. Skinner may be reached at (802) 828-2837; Fax: (802) 828-2465; E-Mail: pskinner@sec.state.vt.us

Carla Preston is the Board's Unit Administrator. You may reach Ms. Preston at (802) 828-2875; Fax:

(802) 828-2465; or via E-mail: cpreston@sec.state.vt.us.

Kevin F. Leahy serves as Board Counsel.

Christopher D. Winters, Esq. is the Director of OPR.

Our Web site is: www.vtprofessionals.org

From the Chair

It is an exciting time to be a CPA or RPA. It is a time of change globally, nationally and locally. Although it is a challenge to keep up with all these changes, each licensee has a responsibility to do so. Our newsletter is an attempt to provide you with some critical facts, and the resources you need to get additional information.

Vermont licensees had many new responsibilities as a result of the previous statute (July 1, 2002) and rule (August 22, 2003) changes. Most of those new provisions were highlighted in the July 31, 2005 renewal process. As always, the full text of the Accountancy law and rules are posted on our website. <http://vtprofessionals.org>

On May 17, 2007 the Governor signed into law certain statutory changes we proposed, which will eliminate the 60 hour education option for licensure as of July 1, 2007. The law also eliminates several areas, which are no longer relevant, such as references to the “pencil and paper” exam, the licensing of new RPA’s, which has now been eliminated, and other conforming language.

This summer and fall, the Board is engaged in administrative rules writing to align the rules, which are the “nuts and bolts,” of the laws governing the practice of the profession with the new law and to also consider all of the provisions currently contained within the rules for propriety and completeness. This process requires public hearings and more communication with you, the licensees, and other interest parties.

We will also be looking at national issues, such as the Uniform Accountancy Act (UAA) provisions, Peer Review changes, notification of cross border practice, etc. in our consideration of where Vermont should be in this changing landscape. This evaluation will inevitably lead to future changes in the statutes and administrative rules for those practicing accountancy in Vermont.

It is our responsibility as a Board, to provide a structure that promotes excellence in licensure and practice, while providing protection to the public consumers

of those services. With technological advances, the delivery of those services has changed dramatically, and we are challenged to move quickly and appropriately.

The Secretary of State’s Office of Professional Regulation processes complaints of unprofessional conduct alleging violations of the laws governing professional conduct. We rely on the public, and especially you, to report these incidents so they may be properly investigated and resolved. Professional misconduct complaint resources are found on our website.

The Board generally meets the fourth Tuesday of each month (except February and March) in Montpelier for the better part of the day. These are public meetings and you are welcome to attend. Please contact the staff to set up a time, schedule a slot on the agenda, or just to communicate with us.

Members’ Bios

Pamela J. Douglass, CPA

Pam Douglass is one of four shareholders in the Rutland, Vermont public accounting firm of McCormack, Guyette & Associates, PC. The firm, with seven professionals and two support staff, provides services in the areas of audit and attest, income taxes, consulting, and bookkeeping and support. Pam has been with MGA for over 20 years, in addition to working for a large

regional accounting firm for six years during the 1980’s.

Past professional and Board activities include service on the Vermont Society of CPAs Continuing Education Committee and its Annual Meeting Committee, volunteering to review financial statements for the Vermont Board of Public Accountancy, participation on career panel discussions at Castleton State College and Green Mountain College, and Board of Directors member, Finance Committee member, and standing Committee member of the Development Committee of the Rutland Area Visiting Nurses Association and Hospice.

Current professional and Board activities include being a member of the American Institute of Certified Public Accountants, Charter Board of Directors member of Housing Initiatives, Inc., Chair of the Supervisory Committee for the Heritage Family Federal Credit Union, Board of Directors member and Audit Committee member of Cooperative Insurance Companies, Inc.

Pam was originally appointed to the Vermont Board of Public Accountancy by Governor Howard Dean on September 1, 2000, and reappointed to a second term by Governor James Douglas on January 1, 2005. She has served as chair since October of 2005.

Pam earned a B.S. in Accounting (1980) from Clarkson College of Technology (now Clarkson

University). She has been licensed as a CPA since February 25, 1986.

Claire LaVoie, CPA

A graduate of Russell Sage College in Troy, New York, Claire taught foreign languages at the junior high and senior high level for nine years. While teaching and in order to understand their personal tax situation, Claire enrolled in a tax course at the University of Vermont. It was in this course that she contracted the accounting bug, and the rest, as they say, is history.

Twenty seven years later, Claire is still captivated by the profession. In addition to what one would consider standard accounting, Claire has a niche in commercial dispute resolution, which includes arbitration, mediation and negotiations. She is also a member of the commercial panel for the American Arbitration Association.

Being on the Vermont Board of Accountancy has added yet another interesting and exciting evolution in Claire's accounting career.

"Accounting is the best.....I'd encourage anyone interested in this profession to pursue it with enthusiasm. You never know where it will lead you."

Lee M. Spivey, Jr., CPA

Lee Spivey joined Engel & Company, PC in 1990 (nka, Engel, Powell & Spivey, PC). His prior experience includes 5 years with KPMG and five years in health

care finance. Mr. Spivey received a BBA from Emory University in 1978 and a MHA (health administration) from Duke University in 1981. Mr. Spivey has been a Vermont Certified Public Accountant since 1989 and a *CERTIFIED FINANCIAL PLANNER*® licensee since 2000.

He serves as a member of the Board of Directors of Burr and Burton Academy in Manchester Vermont, and is a former member of the Board of Directors of Southwestern Vermont Health Care in Bennington, Vermont. He joined the Vermont Board of Public Accountancy in 2001.

Lee resides in Manchester, Vermont.

John C. Borch, CPA

John is President of Champlain Captive Management, Inc. with primary responsibility for new business development and overall operations.

Before joining CCM, he was an Account Executive with AIG Insurance Management Services. As such, he served as the primary client contact for a portfolio of insurance companies, including maintaining overall responsibility for the accounting, regulatory compliance, and management functions.

Prior to his work at AIG, John was an insurance Examiner with the State of Vermont Department of Insurance. In this capacity, he performed captive insurance

company examinations and reviewed and tested internal financial statements and records, as well as audited financial statements and regulatory compliance documents.

John began his captive management career with Marsh Management Services as an Account Manager/Administrator where he served as the primary contact for a portfolio of insurance companies.

He holds a Bachelor's of Science degree in Accounting from Champlain College having graduated Summa Cum Laude. He is a Certified Public Accountant and has an Associate in Risk Management (ARM) designation from the Insurance Institutes of America. He is a member of the American Institute of Certified Public Accountants and the Vermont Society of Certified Public Accountants. John is also an adjunct professor at Champlain College teaching Managerial Accounting. In 2006 Governor Jim Douglas appointed John to the Vermont Board of Public Accountancy.

Cairn G. Cross

Cairn Cross co-founded FreshTracks Capital in 2001 and serves as one of the Managing Partners of the Fund. He is responsible for the following portfolio companies: He is the Chairman of the Board of EatingWell Media Group a \$5 million food and nutrition media company based in Charlotte,

Vermont; he is on the Board of Clearsource a \$40 million water bottling company based in Randolph, Vermont and he is on the Board of Vermont Teddy Bear a \$75 million gift company based in Shelburne, Vermont.

From 1996 to 2000 Cairn owned and operated Cross Vermont Financial, a strategic and financial consultancy to Vermont banks and growth businesses.

From 1996 to 1998, Cairn was also the Assistant General Manager of Green Mountain Capital, L.P. a \$12 million SBIC based in Waterbury, Vermont. From 1991 to 1996 he was a Vice President and Corporate Loan Officer for the Howard Bank, preceded by five years service in various positions for Vermont National Bank including Commercial Loan Officer. Cairn co-founded a small specialty food manufacturer in Vermont and has been an investor in and a Member Manager of Snow Farm Vineyard, LLC, Vermont's first grape wine producer located on Grand Isle.

Cairn serves as Co-Chair and Steering Committee member of the Vermont Investors' Forum, an annual "venture fair" for Vermont companies, and previously served on the Board of Directors of the Addison County Economic Development Authority. He now serves on the ACEDC revolving loan fund committee. In 2002, he was appointed by Governor Howard Dean to the Vermont State Board of Public Accountancy and to the Workforce Recruitment

Board. He was reappointed to the Workforce Recruitment Board by Governor James Douglas in 2005 and the Board of Public Accountancy in 2006. Also in 2005, Cairn was appointed by Speaker of the Vermont House, Gaye Symington to her business advisory committee.

Cairn earned a B.S. (1981) from Montana State University and an MBA (1987) from New Hampshire College (now Southern New Hampshire University). He lives in Ferrisburg, Vermont.

New Statutes

The following are statutory changes recently adopted by the State of Vermont.

Sec. 4. 26 V.S.A. § 13 is amended to read:

§ 13. DEFINITIONS

For the purposes of this chapter:

(1)(A) "Attest services" means providing the following financial statement services:

(i) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(ii) any review of a financial statement or compilation of a financial statement to be performed in accordance with the Statement on Standards for Accounting and Review Services (SSARS);

(iii) any examination of prospective financial information to be performed in accordance with the Statements on Standards for

Attestation Engagements (SSAE);
or

(iv) any engagement to be performed in accordance with the standards or the Public Company Accounting Oversight Board (PCAOB).

* * *

(5) "Good character" means fiscal integrity, and a lack of any history of acts involving dishonesty ~~and moral turpitude, false statements, or fraud.~~

* * *

(10) "State" includes the states of the United States, the District of Columbia, Puerto Rico, Guam, ~~and the U.S. Virgin Islands, and other jurisdictions recognized by the National Association of State Boards of Accountancy (NASBA).~~

Sec. 5. 26 V.S.A. § 14 is amended to read:

§ 14. PROHIBITIONS

(a) No person or firm shall issue a report on financial statements of, or provide attest services for, any other person, firm, organization, or governmental unit unless the person or firm is licensed or registered under this chapter. This prohibition does not apply to an officer, partner, or employee of any firm or organization affixing their signature to any statement or report in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that they hold therein; nor prohibit any act of a public official or employee in the performance of his or her duties as such; nor prohibit the performance by any persons of other services involving the use of

accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon.

* * *

(g) The prohibition contained in subsection (a) of this section is applicable to issuance, by a person or firm not holding a valid license or registration, of a report using any form of language conventionally used by public accountants with respect to an audit, review ~~or~~ compilation of financial statements, or other attest services.

* * *

Sec. 6. 26 V.S.A. § 15 is amended to read:

§ 15. EXEMPTIONS

~~(a) Nothing in this chapter prohibits an individual person from serving as an employee of, or an assistant to, a public accountant or a firm composed of public accountants. However, an employee or assistant who is not licensed or registered under this chapter shall not practice public accounting in his or her own name.~~

~~(b)~~ A public accountant of another state, or any accountant who is qualified for the practice of public accounting in a foreign country may:

(1) use a title granted by that state or country, together with any suitable translation into English of that title, and, if a foreign country, the name of that country;

(2) temporarily practice public

accounting after registering with the board under section 74a of this title;

(3) [Deleted.]

~~(e)~~(b) Nothing in this chapter prohibits a federal, state, or municipal officer or employee from performing the lawful functions and duties of any office or service required.

~~(d)~~(c) Nothing in this chapter prohibits an officer, employee, partner, or principal of any organization from:

(1) signing a statement or report in reference to the affairs of that organization, with wording designating the title held in the organization; or

(2) describing himself or herself by title.

~~(e)~~(d) Nothing in this chapter prohibits a person from offering or rendering to the public bookkeeping and tax services, including devising and installing systems, recording and presenting financial information or data, preparing financial statements, schedules, reports, and exhibits, and similar services.

~~(f)~~(e) Nothing in this chapter prohibits an individual person from using a title previously held as a public accountant licensed or certified in this or any other state, provided that the person's license or certificate was not revoked or suspended, and provided further that the person is not currently engaged in the practice of public

accounting and does not use the title for the purpose of practicing public accounting.

~~(g)~~(f) Nothing in this chapter shall be construed to prohibit other licensed or certified professionals from carrying on in the usual manner any of the functions of their professions.

Sec. 7. 26 V.S.A. § 17 is amended to read:

§ 17. PENALTY

Any person who violates any provision of section 14 of this title shall be ~~fined not more than \$1,000.00, or imprisoned for not more than 30 days, or both, for each violation~~ subject to the penalties set forth in subsection 127(c) of Title 3.

Sec. 8. 26 V.S.A. § 51 is amended to read:

§ 51. CREATION OF BOARD

(a) A board of public accountancy is created, consisting of five members, who shall be residents of this state.

~~(b) One~~ At least one member of the board shall be a member of the public who has no pecuniary interest in accounting other than as a consumer or possible consumer of its services. The member shall have no pecuniary interest personally or through a spouse, parent, child, brother, or sister.

(c) At least three members of the board shall be licensed certified public accountants.

~~(d) At least one member of the board shall be a licensed registered~~

public accountant. In the event that a registered public accountant is unavailable to serve as a board member, that vacancy shall be filled by a licensed certified public accountant or a public member.

(e) Board members shall be appointed for five-year terms by the governor in accordance with section 129b of Title 3.

Sec. 9. 26 V.S.A. § 54(b) is amended to read:

(b) The board may:

* * *

(9) seek and obtain injunctions to restrain violations of section 14 of this title or unprofessional conduct; and

(10) cooperate with licensing and regulatory authorities in other jurisdictions to investigate suspected violations of section 14 of this title and suspected unprofessional conduct; and

(11) adopt rules regarding peer reviews that may be required to be performed under this chapter.

Sec. 10. 26 V.S.A. § 71a is amended to read:

§ 71A. ~~CERTIFIED PUBLIC ACCOUNTANT LICENSES~~
LICENSE BY EXAMINATION

(a) A license as a “certified public accountant” shall be granted by the board to any person:

- (1) who is of good character;
- (2) who completes:

(A)(i) ~~60 or more semester hours of college credit at a college or university recognized by the board, including a minimum of 30 semester hours of accounting, auditing and related subjects as the board determines to be appropriate,~~

~~and four years of experience in public accounting, meeting the requirements prescribed by board rule or other experience or employment which the board in its discretion considers substantially equivalent; or~~

(ii) 120 or more semester hours of college credit at a college or university recognized by the board, including a minimum of 30 semester hours of accounting, auditing and related subjects as the board determines to be appropriate, and two years of experience in public accounting, meeting the requirements prescribed by board rule or other experience or employment which the board in its discretion considers substantially equivalent; or

(iii)(i) 150 or more semester hours of college credit at a college or university recognized by the board, including a minimum of 42 semester hours of accounting, auditing and related subjects as the board determines to be appropriate, and one year of experience in public accounting, meeting the requirements prescribed by board rule or other experience or employment which the board in its discretion considers substantially equivalent; and

(B) who has passed the examination required under subsection (b) of this section.

(b) The Examinations shall be held by the board, and the board shall use the a nationally recognized uniform certified public accountants’ examination and advisory grading service of the American Institute of Certified

Public Accountants to assist it.

Sec. 11. 26 V.S.A. § 72a is amended to read:

§ 72a. GENERAL LICENSING PROVISIONS

(a) If a licensee has a principal place of business for the practice of public accounting, the license shall be prominently displayed at that place.

(b) Licensing standards adopted and used by the board, and its procedures, shall be fair and reasonable and shall be designed and implemented to measure and reasonably ensure an applicant’s qualifications to practice public accounting. They shall not be designed or implemented for the purpose of limiting the number of licensees.

(c) ~~Without requiring an examination, the board shall issue an appropriate license to a public accountant who is licensed or certified under the laws of another state:~~

(1) ~~with education, examination and experience requirements which the board considers to be substantially equal to those of this state; or~~

(2) ~~upon a showing that the applicant has had five years of experience in the practice of public accountancy or meets equivalent requirements prescribed by the board by rule within the ten years immediately preceding the application; and~~

(3) ~~has fulfilled the requirements of continuing education or continuing professional competence programs that would have been applicable under subsection (b) of section 75 of this title.~~

~~(d) Examinations for each license shall be held by the board as often as the board determines, but not less frequently than once each year.~~

~~(e) An applicant of good character who has met the education requirements of the board for a license, or who expects to meet it within 60 days following the examination, may take the examination without waiting until the applicant meets the education requirement. No credit shall be given for the examination if the education requirement is not completed within the next 60 days or within a longer time granted by the board on application.~~

~~(f) [Deleted.]~~

An applicant of good character who meets the education requirements of the board for a license, or who expects to meet it within 60 days following the examination, may take the examination without waiting until the applicant meets the education requirement. No credit shall be given for the examination if the education requirement is not completed within the next 60 days or within a longer time granted by the board upon application.

Sec. 12. 26 V.S.A. § 72b is added to read:

§ 72b. LICENSURE BY ENDORSEMENT

Without requiring an examination, the board shall issue an appropriate license to a public accountant who is licensed or certified under the laws of another state:

(1) with education, examination, and experience requirements which the board considers to be substantially equal to those of this

state; or

(2)(A) upon a showing that the applicant has had five years of experience in the practice of public accountancy or meets equivalent requirements prescribed by the board by rule within the ten years immediately preceding the application; and

(B) has fulfilled the requirements of continuing education or continuing professional competence programs that would have been applicable under subsection 75(b) of this title.

Sec. 13. 26 V.S.A. § 74 is amended to read:

§ 74. FIRMS; REGISTRATION AND OWNERSHIP

* * *

~~(d) Any individual licensee who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm, shall meet the experience or competency requirements set out in the professional standards for such services.~~

~~(e) Any individual licensee who signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm, shall meet the experience or competency requirements of subsection (d) of this section.~~

Sec. 14. 26 V.S.A. § 74a is amended to read:

§ 74a. REGISTRATION OF NONRESIDENT FIRMS REGISTRATION

(a) All nonresident firms and sole proprietorships licensed or registered in another state or country who desire to temporarily

practice in the state must register with the board and pay the required fee. The board shall adopt rules prescribing the procedure to be followed in carrying out the registrations. Registrations under this section shall expire three months after issuance. "Firm" is as defined in subdivision 13(4) of this title.

(b) All nonresident firms and sole proprietorships providing public accounting services in the state of Vermont must be registered and obtain a firm registration number. Sec. 15. 26 V.S.A. § 82(c) is amended to read:

(c) Nothing in this chapter prohibits a firm or any of its employees, from disclosing any data to other public accountants, report peer review teams, or partnerships or corporations of public accountants engaged in conducting report peer reviews under the auspices of a recognized professional association, or any of their employees, in connection with report peer reviews of the accountant's accounting and auditing practice.

Policy re Transition of Educational Requirements

Effective July 1, 2007 the statute (26 V.S.A. § 71a) was amended to delete the provision which allowed candidates to apply to sit for the Certified Public Accountant examination with only 60 semester hours of college credit. This amendment effectively changed the minimum to 120 semester hours of college credit to be eligible to sit for the CPA examination. The Board discussed

the need for transition for those candidates who were approved with only 60 credits (minimum) and have taken all or portions of the CPA examination. The transition applies to the timeframe in which to pass all portions of the examination and for licensure requirements. Since the Board only required 60 semester hours, the Certified Public Accounting Examination Service (CPAES) reviewed applications to meet that minimum. The Board anticipates that most of the candidates will have considerably more than 60 semester hours of college credit.

It is the Board's policy that candidates approved to sit for the CPA examination prior to June 30, 2007 on the basis of 60 credits, but who have not yet passed all components, be allowed two years to successfully complete the examination. To become licensed, applicants must apply under the current statutes and must demonstrate a minimum of 120 semester hours (i.e., 120 credits, demonstrate two years of experience, etc.).

Candidates who have passed all components of the CPA examination as of June 30, 2007 may apply for licensure under the old rules. Experience requirements would be considered under the old rules (i.e., 60 credits, demonstrate four years of experience, etc.). These candidates would have already received notification from the Board regarding the experience and other licensure requirements.

Applicants may petition the Board for a hardship exemption for good cause shown, which will be considered on a case by case basis. The hardship must pertain to the acceptance of experience in lieu of additional college credits.

The Board will inform CPAES of these transition requirements immediately. CPAES has agreed to notify all candidates. This Policy will be posted on the Board's Web site and included in its Newsletter.

Independence Rules

(Updated information worth repeating)

The Board has experienced some limited activity in this area. It is our recommendation that all firms review the Code of Professional Conduct (Section 101). Over the past several years CPA practice areas have been expanded to allow for commission payment arrangements, unique practice units, alliances with regional and national firms, and others.

During the past several years, the Board updated many independence rules to comply with law and other changes in American Institute of Certified Public Accountants (AICPA), SEC, GAO and OMB operating regulations. A thorough review of all practice areas is important, more so now than ever before.

"101-3" Issues

(Updated information worth repeating)

Enhanced interest in non attest service compliance continues to be a hot topic. AICPA Code section 101-3 outlines the acceptable circumstances in which a CPA may provide services to an attest client. The section requires an advance written understanding with the client, certain representations about the ability of the client to accept responsibility for the work provided and a properly trained and knowledgeable person who will review the work. The AICPA continues to provide updated guidance.

It is the responsibility of the CPA firm to ensure compliance with this section.

Do You Have the Correct CPE for Re-licensure??

(Updated information worth repeating)

The following is summarized from Rule 9.1, 9.2 and 9.3. Please refer to the Accountancy Laws and Rules for further detail.

Remember that as part of your 80 hours of CPE, you will need:

* Four (4) Hours of Ethics (AICPA Code of Conduct and Vermont regulations)

* Eight (8) Hours of Accounting and Auditing

The 80 hours must meet the standards of approval by being listed in the National Association of State Board of Accountancy's (NASBA) National Registry of

CPE sponsors. This is not a change.

You are responsible for keeping the supporting information and/or certificates to verify your attendance and/or completion. You are responsible for demonstrating that these courses contribute to your professional competency and for demonstrating that a particular program is acceptable under the Accountancy Rules. Keep documentation for a period of five years. Should your name be chosen in a random audit of CPE, you will need to provide evidence (copies of certificates) of completing the required CPE.

CPE comes in different formats: taking Correspondence and Formal Individual Study Programs (aka Self Study), being an Instructor/Discussion Leader/Speaker, Publishing, attending a Live Course; or attending a Group Program. You cannot necessarily get all your credits from any one of these learning venues. Some of these have changed and some remain the same. The limits expressed in numbers of hours and percentages of the hourly requirements are as follows:

Self Study cannot exceed 64 hours or 80%. Instructor/Discussion Leader/Speaker cannot exceed 40 hours or 50%. Publishing cannot exceed 20 hours or 25%. All three above in combination cannot exceed 64 hours or 80%.

The Continuing Professional Education Record has been

amended to assist you in complying with the CPE requirements necessary for re-licensure, and to assist the OPR in processing your renewals!

As always, the Board reserves the right to verify CPE reporting on a test basis.

CPE Audit Results

The Board audited the continuing professional education credits of approximately 110 licensees in the Fall of 2005. About two-thirds of the submittals were satisfactory. The Board found several problems with the compliance of audit and attest requirements and acceptable ethics programs. Please note that, neither studying for, nor successful completion of, an examination to obtain an additional designation, is acceptable CPE. The Board also found that some licensees reported extensive coursework in elementary computer based programs, which were not all accepted.

The Board reminds licensees that the intent of CPE is to achieve broad-based learning and education that will enhance your professional competency and provide you with a better understanding of the variety of statutes and regulations applicable to your profession and to protect the welfare of the public.

CPE Report Form on Web

The Board recognizes that many licensees prefer to track their CPE as they earn it and simply attach

that document to the renewal form. Allowing a variety of attachments became an administrative problem, as renewal personnel were unable to determine which credits would be applied to the A&A or Ethics or which were taken under live, self-study or other delivery methods.

As you know, during its last renewal period, the Board required that CPE be reported on its form, which accompanied the renewal application. Future CPE records will be required on the Board's form; however for your convenience, that form will be posted on the Board's Web page in a printable format (e.g., Excel). The text of that form must NOT be amended, but you will be able to type your CPE into the form. When you receive your renewal form in 2009, sign and attach this CPE Record to your renewal application.

Peer Review What it Means to You!

Peer review exists not only to protect the public from fraudulent unethical practices, but also to assure competency and consistency with the accounting profession. The very essence of what we are uniquely able to produce as CPA's is reinforced and improved by peer review.

Does your firm need one? Yes if it provides any attest function. Since July 31, 2005, Rule 10.7 has required that licensees submitting applications for licensure for the biennium beginning on or after that date must include with their

application evidence of a successful peer review conducted within the three year period immediately preceding the application. Note that if no attest functions were performed during that period, no peer review is required.

We have encountered situations where firms have done attest functions at some point during the prior licensing period but later made a determination to cease attest work and chose not to obtain the mandatory peer review.

If your firm is considering discontinuing attest work, be sure that you carefully examine the timetable for peer review to insure that you comply with Rule 10.7. **It is a “look back” provision that determines eligibility for future license renewal!**

What is “attest?” It is defined as any audit or other engagement performed in accordance with Statements on Auditing Standards (SAS), any review or compilation of a financial statement to be performed in accordance with Statement on Standards for Accounting and Review Services (SSARS), any examination of prospective financial information to be performed with the Statements on Standards for Attest Engagements (SSAE), or any engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). Attest functions include, but are not limited to, audit, review, compilation, agreed upon

procedures, financial statements, forecasts and projections, certification or other attest functions.

Rules
Effective August 22, 2003

10.7 PEER REVIEW

(A) A firm shall not undertake any engagement for the performance of professional services which it cannot reasonably expect to complete with due professional competence, including compliance, where applicable, with Rule 10.7. The Board will better serve the public interest when it takes positive action to monitor a firm's competence and compliance with professional standards.

(B) As a demonstration of a firm's competence, each application for renewal under Part 8 of these rules by a firm shall be accompanied by evidence that the firm, within the three years immediately preceding the application, had been subjected to a satisfactory peer review conducted in accordance with a peer review program approved by the Board. Such peer review reports are exempt from disclosure to the public under 1 V.S.A. §317(b)(3) and (b)(6), except in cases of continuing deficiencies and noncompliance as described below.

(C) If no reports were issued (attest services performed) by a firm within the meaning of the Act, then no peer review need be submitted. A firm must state to the Board, under penalty of perjury, that no

reports within the meaning of the Act were issued during the immediately preceding three years.

(D) In the case of an individual associated with a firm, the individual will be covered by the firm peer review.

(E) For purposes of this rule the peer review must cover at least one office of a firm and one attest engagement of the firm within the state of Vermont. The proof of such peer review shall be the report and any letter(s) of comment(s), responses or remedial actions and subsequent follow-ups by the licensee submitted to the individual or firm by the professional organization. Acceptable organizations for purposes of this rule are the AICPA, New England Peer Review (NEPR), another nationally recognized association and NSA. The Board may accept other organizations that perform peer reviews, but only after Board review. The Board reserves the right to review any organization that conducts peer reviews.

(F) Such reports shall not be used to initiate a disciplinary action against a licensee unless the deficiency is found to continue after due notice to the licensee. Due notice means the Board has received a report, or reports, of a firm or licensee which are substandard; that a letter of comment has been provided by the peer reviewer detailing the deficiencies; that the firm or licensee has had an opportunity to respond to the comments; and that after such response by the firm or

licensee the peer reviewer directs the firm or licensee to take corrective action and the firm or unit does not or refuses to take the corrective action. Such corrective action recommended by the peer reviewer is a recommendation only and the Board, if it desires to enforce the peer reviewer's recommendation, must then initiate a disciplinary proceeding in accordance with these rules.

(G) The Board reserves the right to conduct a field review of work papers, and personal communication with the firm or licensee may be warranted. Such review may be conducted through a designated representative of the Board. A field review is appropriate in the following circumstances when:

- (1) It is necessary to resolve disagreement between the Board and the licensee; or
- (2) the firm or licensee has had a prior substandard report; or
- (3) the deficiencies found in the report(s) are serious; or
- (4) the positive enforcement review results in findings that cause the Board to be concerned about the overall quality of the firm or licensee's work.

(H) This Rule shall take effect on July 31, 2005. Licensees submitting applications for licensure for the biennium beginning on that date or who apply for licensure after the above date must have met these peer review requirements as a condition of licensure. The existing report review requirements will remain in place until then.

Disciplinary Actions

Licensees: Roland Therrien

License Type: None

Violation: Respondent engaged in unlicensed practice by performing duties that would constitute the practice of the profession, requiring licensure as a Certified Public Accountant.

Sanction: According to a May 26, 2006 *Stipulation and Consent Order*, the Respondent was required to pay a \$500 Administrative Penalty.

Licensees: Dale W. Carr

License Type: None

Violation: Respondent engaged in unlicensed practice by performing duties that would constitute the practice of the profession, requiring licensure as a Certified Public Accountant.

Sanction: According to a June 28, 2006 *Stipulation and Consent Order*, the Respondent was required to pay a \$250 Administrative Penalty. In addition, the Respondent was required to offer to reimburse an organization \$410.

Licensees: KPMG, LLP

License Types: Accounting firm

Violation: Disciplinary Action taken by the California Board of Accountancy.

Disposition: The State of Vermont withdrew its charges and the Board did not sanction the Respondent firm.

Licensees: Susan W. Daigler and Susan W. Daigler, CPA

License Types: Certified Public Accountant and firm registration

Violation: Respondent stated that she had performed attest functions during the period of August 1, 2003 to July 31, 2005 and was granted an extension in which to obtain the required Peer Review covering that period. Respondent's licenses lapsed on October 30, 2005.

Sanction: According to an April 25, 2007 *Stipulation and Consent Order*, Daigler's licenses (individual and firm) were Reprimanded and a \$700 Administrative Penalty was imposed.

Licensees: Elizabeth C. Campbell, CPA and Elizabeth C. Campbell, CPA P.C.

License Types: Certified Public Accountant and firm registration

History: Respondent's licenses were Conditioned on August 23, 2004; Respondents failed to comply with the Conditions, and the Board summarily suspended Respondent's licenses on March 22, 2005.

Sanction: A hearing was held on June 27, 2006 and according to Board Order effective on April 2, 2007, the licenses of both Respondents were Revoked.

Licensee: Ronald C. Smith and R.C. Smith & Company, PC

License Type: Certified Public Accountant and accounting firm

Violation: Respondent stated that he had performed attest functions during the period of August 1, 2003 to July 31, 2005. Respondent's licenses lapsed on July 31, 2005.

Sanction: Pursuant to a May 23,

2007 hearing, the Respondents were found to be in Default. The Default Order Indefinitely Suspended both licenses and required Respondents to immediately notify in writing all persons for whom the Respondents provided any accounting service of their licensure standing. In addition the Order set out requirements for consideration of a petition for reinstatement.

Licensee: Ronald E. Robbins and Ron E. Robbins, CPA

License Type: Certified Public Accountant and accounting firm

Violation: Respondent's licenses lapsed on July 31, 2005. Respondent stated that he had performed attest functions during the period of August 1, 2003 to July 31, 2005.

Sanction: At a May 23, 2007 hearing, the Respondents were found to be in default. The Default Order indefinitely suspended both licenses and required Respondents to immediately notify in writing all persons for whom the Respondents provided any accounting service of their licensure standing. In addition the Order set out requirements for consideration of a petition for reinstatement.

Complaints

The Board must investigate all allegations of unprofessional conduct submitted. What follows is a composite of some of the issues that may result in the filing of a complaint against a firm or practitioner. Having a complaint filed against you can be extremely

disruptive and upsetting. If a case alleges unprofessional conduct, as defined by state law, the Office will conduct an investigation.

Although **many complaints do not result in disciplinary action**, they are still investigated. Many of those complaints that are closed without prosecution might have been avoided altogether had the firm or practitioner better communicated with the client, staff, and/or colleagues.

If a complaint is filed and the Investigative Team suspects unprofessional conduct, the Board may take disciplinary action after a hearing. We hope that you will read this carefully. It does not cover every possible scenario, but it may help you avoid common pitfalls that result in a complaint, and/or disciplinary action.

1) Poor communication. Be sure to communicate well with your clients, your colleagues, and with your employees.

2) Unauthorized Practice. Practicing the profession without a valid license.

3) Expired License. Failing to renew and continuing to practice with an expired license is unprofessional conduct.

4) Timeliness. The Investigative Teams find that several cases are brought to the Office of Professional Regulation because the professional did not complete the agreed upon task in a timely fashion.

5) Poor Record keeping. Failing to maintain adequate records is unprofessional conduct. Adequate records also protect you!

Statistics

There are currently 962 active licensed Certified Public Accountants, 632 of whom are residents; 6 are active Registered Public Accountants, 5 of whom are residents. There are currently 245 active CPA firms, 188 of which are located in the State of Vermont.

Annual Report

The Office of Professional Regulation's Annual Report is available online. It contains statistics for all professions regulated within the Secretary of State's Office.

General Information

The statutes and rules governing the practice of your profession and many application forms are available via our Web site: www.vtprofessionals.org

Contact us

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