

New Hampshire Board of Accountancy
Minutes from the October 20, 2008
Public Meeting
Held at the NH Board of Accountancy



Present: Jefferson Chickering, CPA, Chairman, Professor Richard Hanson, CPA, Secretary, Deborah Butler, CPA, Wayne Geher, CPA, Owen Walton, Public Accountant, Andrea Goldberg, Public Member and Sheila Christie, Public Member.

Absent: None

1. The Board convened at 8:46 am and adjourned at 1:30 pm.
2. The minutes from the September 22, 2008 were adopted with grammatical changes.
3. This meeting was scheduled to be held at Southern New Hampshire University. However, due to unforeseen circumstances the October meeting was reverted back to the office of the Board. Another date will be chosen for the Board to hold a meeting at the school.
4. It was noted that Andrea Goldberg was re-appointed and Jefferson Chickering was due for re-appointment by the Governor and Council.
5. The following Newsletters were reviewed:
 - A. **The Uniform CPA Examination Alert Fall 2008**
>Mr. Hanson has been appointed to NASBA's CPA Exam Licensing Committee.
 - B. **Kentucky State Board Report Jan-Aug 2008**
>It was noted that Kentucky does not have staggered Board member terms as New Hampshire does, as three new members were appointed to that Board and all three expire on the same date.
>Kentucky has entered into a settlement agreement with Deloitte & Touche for actions regarding Kentucky Central Life Insurance Company.
 - C. **North Carolina State Board Report No. 9-2008**
>It was noted that North Carolina reported that performing peer reviews is an emerging "niche". Mr. Chickering who has taken the AICPA peer review course states he is somewhat hesitant about issuing peer reviews especially on HUD or other governmental audits. Mr. Geher noted that if you perform an audit on a HUD project that you can work as part of a team as opposed to a sole reviewer.

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D. New Mexico State Board Report Fall 2008

>In an article entitled "Entrepreneurship" seven out of ten high school seniors and college students indicate they will pursue occupations often delivered by small businesses, as they do not trust large business and do not want to depend on them for benefits or retirement.

>On page 6 it was noted that the Board has initiated a complaint against Ernst & Young and KPMG which resulted in settlement agreements and contributions of \$20,000.00 to the New Mexico CPA Society to be used by the Society as it deemed appropriate. The Board asked the Executive Director to obtain a copy of the agreements.

6. General Correspondence

A. Summary of Candidate Information for the Computer-Based Exam

>The Executive Director presented a graph which reported on the number of candidates that sat for the exam for each state from 2003 to 2007. According to the graph New Hampshire is 10th out of 54 jurisdictions that give the exam. In 2003 NH tested 2,066 candidates and in 2007 New Hampshire had 6,338 parts taken.

B. CPA Exam Services September 24, 2008

> CPA Exam Services has begun to utilize a special security paper in an effort to further enhance the security of the official pass letters. A copy of the paper was sent and when copied has the word VOID placed randomly on the paper.

7. Board Budget for 2009 and Request for 2010-2011

>The Executive Director presented the final budget request for the biennial period of 2010-2011 which will be presented to the Governor for his review. The Director also informed the Board that in addition to the freeze on out of state travel and equipment already in place for fiscal year 7/1/2008-6/30/2009, further budget reductions of \$13,670.00 need to be taken for fiscal year 2009. Additionally the Governor has requested a separate budget from the one requested be submitted where we further reduce our budget requests to 97% of our current fiscal year 2009 expenditures for 2010 and 2011 in the event these reductions must be taken.

8. Correspondence Requiring a Response

A. IRS Department of Treasury, Krista Clark

>In a letter dated September 24, 2008, the IRS Liaison for Maine, Vermont and New Hampshire on behalf of the IRS is seeking to partner with state regulatory bodies to facilitate exchanges of information concerning sanctions taken against tax practitioners. The Executive Director will contact the liaison and invite her to a Board meeting and will also request a sample of an agreement in place. Vermont and Maine will also be invited to meet with the liaison at the same time.

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B. Scott Bryer of the NH Department of Safety

>Mr. Bryer who is a CPA in the State of New Hampshire and who is employed by the Department of Safety has requested that the Board review the services this agency offers to ascertain if the governmental experience at this agency complies with RSA 309-B: 5, X. The Board reviewed the information presented and requested that the Executive Director obtain some additional information which will be presented at the November 17, 2008 meeting.

C. Request for Consideration of Grades

>An exam candidate requested that the Board consider his grade of 74 as passing and he is at the end of his 18 months and will need to retake Financial Accounting and Reporting. The Board carefully reviewed his request. As he did not present hardship or circumstances beyond his control, they regretfully denied his request.

D. Request for Extension of Notice to Schedule (NTS)

>An exam candidate had applied to sit and now requires physical therapy for a disability. The exam candidate presented a Doctors verification to substantiate the request. The NTS will be extended until Jan/Feb 2009 window.

E. Request for Extension of Exam Grades

>This candidate requested an extension of the 18 months due to pregnancy and work duties. Whereas the candidate did not present any medical hardship with the event and work duties are not considered hardship, the Board regretfully denied the request.

F. Request for Extension of Exam Grades

>This candidate will lose one part at the end of October 2008 and is having difficulty purchasing the materials needed to study. Although the Board does sympathize with the candidate's situation, it is not hardship as defined by the Board and therefore regretfully must deny this request.

G. Request for Extension for 18 Months

>This is the second extension request for this candidate. His first was due to his difficulty in obtaining a Visa, and he is in the process of requesting a second one. If he is able to obtain a Visa within 6 months from this date, the Board will extend his 18 months for an additional 6 months as of this date.

9. Old and New Business

A. Ethics Committee

>Mr. Hanson reported to the Board that he had compiled a draft of a checklist that vendors and licensees could use to determine if the ethics course offered by the vendor or the course the licensee was taking complied with the rules of the Board. This draft was compiled based on required core requirements determined by the committee. However, due to the committee meeting scheduled for October 15, 2008 being cancelled, the full committee has not reviewed the draft checklist as of this date therefore Mr. Hanson did not present it to the Board for their consideration. The Ethics Committee will meet before the November 17, 2008 Board meeting and hopes to present the checklist to the full Board at that time.

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B. Peer Reviewers Performing Reviews in NH

>No discussion

C. Peer Review Oversight Committee

>No discussion and this will stay on the agenda.

D. International Standards

>Louise presented a quick poll from NASBA regarding state Boards and the consideration of IASB as a recognized standard setter.

13 states have indirectly adopted the IASB standard
1 state has directly adopted the IASB Standard

E. HR 5716

>This is a bill on Federal legislation to require that certain tax preparers be licensed. This bill is still in committee as of October 14, 2008.

>The Board asked that the Executive Director obtain the Maryland legislation that they passed regarding this issue.

>Mr. Chickering suggested that the Board may want to consider the same type of legislation for New Hampshire.

F. Indemnification & Limitation of Liability Provisions in Client Engagements.

>Mr. Hanson suggested that the Board may want to consider adopting the AICPA Code of Professional Conduct June 2008. The rules currently reflect the AICPA Code of Professional Conduct June 2007. This issue is covered in the June 2008 version.

G. NASBA Discussion Paper on 120 vs 150

>NASBA has issued a revised discussion paper on whether there is public harm to allow exam candidates to sit for the exam at 120 and then require they obtain 150 for certification as opposed to requiring 150 for both. This will be discussed at future Board meetings.

H. Study Committee Senate Bill 347

>Ms. Christie presented her Report On the Legislative Study Committee Commission on Mobility as well as verbal testimony. Her conclusions are as follows:

>Regarding the concept of Mobility, the Board is provided greater jurisdiction over licensees practicing in New Hampshire;

>Due to no residency requirement and if the legislation requires 120 for examination and 150 for certification there should be a nominal revenue impact; and

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Study Committee Senate Bill 347 Continued

- >When citizens of NH move out of or expand out of New Hampshire Mobility allows them to keep their current NHCPA; and
- >Cost to majority of students will be nominal as some firms assist students in additional education costs, the NH CPA Society has scholarships available and that most important the majority of candidates reviewed for the State of New Hampshire had between 130 and 140 credits at the time they applied for certification; and
- >This is the new entry standard and if the state of New Hampshire does not adopt the concept of Mobility the students coming up through the pipeline will not be able to practice across state lines, this will put them at a disadvantage; and
- >Some states, Massachusetts is one, has adopted Quid Pro Quo statutes. If a state has not adopted Mobility it still precludes the individual CPA from Mobility even if he or she is substantially equivalent.

>Ms. Christie reported that Alison Perrella, a CPA in the state of New Hampshire had delivered compelling testimony for Mobility. Ms. Perrella is a sole practitioner and has a Masters Degree. She has clients she has worked hard to obtain and has built a clientele based on trusted service. If Mobility is not adopted she may not be able to keep these clients as they expand into other states. Ms. Perrella stated that a small practitioner as herself finds it extremely difficult to obtain certification in each state, especially when it is multiple states.

>Ms. Christie stated that the committee heard testimony from a regional firm, regarding the difficulty in maintaining compliance in multiple states where the firm had clients or clients that had businesses in multiple states. Additionally the Society testified that at "town hall type meetings" held by the Society, there was majority support from the firms, small and large that participated in these meetings. The committee heard testimony that the society had approximately 1200 members who were licensees. The Board currently licenses 1339 who live in New Hampshire and the committee felt that this was a majority representation of the firms and practitioners in New Hampshire.

>Ms. Christie reported that Representative Headd was very concerned about what type of education would make up the 30 additional hours and that this was a concern of the committee itself.

>Ms. Christie stated that this Boards' mission was to protect the public, and that she saw the concept of Mobility as increasing that ability. It also offers competition, which is good for the citizens, which makes better choices for NH.

>The Study Committees only mission was to determine if the concept of Mobility is good for New Hampshire. The committee is not going to recommend legislation; however, the committee is considering recommending core requirements, such as 120 for exam and 150 for certification, focused educational requirements for the 30 hours but not specific regulation.

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Study Committee Senate Bill 347 Continued

>Wayne Geher, who also is on the Study committee offered his verbal testimony to the Board as follows:

>Mr. Geher stated that he agreed with Ms. Christie; however, he did want to point out that for him, he wanted to make sure he understood how all the pieces fit in this "Mobility" concept; and

>Mr. Geher felt that larger firms, which already reimburses for educational costs would not be impacted as much as the smaller firms, that it could be cost prohibited for them; and

>Mr. Geher stated that as he looked at the 120 for examination and 150 for certification, he still has not seen any evidence that 150 necessarily makes a better CPA;

>Mr. Geher felt that if you look at the sheer number of states adopting 150 and with the Quid Pro Quo provisions some states are adopting, practitioners will be able to come into the state, but our licensees will not have the ability to go out of the state.

>At this time a back and forth discussion was held as follows:

>Mr. Hanson asked if the committee had considered requiring that those CPA's already in practice obtain the 150?

>Ms. Christie responded that the committee had not taken that under consideration.

>Mr. Hanson asked how many of the societies 1200 they stated were practitioners and not students.

Mr. Olbricht will get the Board an exact number of members.

>Mr. Hanson stated that in the past during the discussion about the experience that small CPA firms were not auditing and could not offer that service, therefore could not compete for those services, and that this seems like the same concept, that requiring 150 will put the small firms at a disadvantage.

>Ms. Christie reported that the committee had not heard any opposing testimony and that they had offered the opportunity to Mr. Hanson to speak to the committee.

Mr. Hanson stated that having concerns was not the same as dissension, that he did, in concept, support mobility or the 150 but had concerns.

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Mr. Chickering stated that he tended to agree with Mr. Hanson and if we go from 120 to 150 those who don't have 150 should also have to attain 150 hours. Mr. Chickering felt that the 150 hour requirement would limit the number of new CPA's coming into the profession in several different ways. Foremost, the cost of education. There is a whole segment of our society that simply will not have the means to attain 150 education hours; in fact, it is quite difficult and fiscally challenging for the majority of our population to attain 120 hours. Additionally, the three legged stool of the exam - education, examination and experience - should always be considered. The reality of the examination changes a few years ago are that the exam is much easier to pass since the format was changed to sit for the exam one part at a time. This is clear and well documented. In retrospect, that part of the three legged stool has been shortened....and at this point, now there is a lengthening of another part of the stool - the education requirement....which seemingly creates an imbalance.

Further, he stated that with states rolling back to the 120 to sit there already appears to be a trend of some form of backward momentum on the 150 education requirement when it pertains to the exam. Additionally, there is absolutely no evidence that has been presented that illustrates that 150 education hours makes a better CPA. It was pointed out during the Study Committee meetings that there are firms that will pay for individuals to attain an additional 30 hours of education. However, these opportunities are few and far between and typically it is the international and "Big 4" firms that possibly have the means to pay for education....and it is these same firms that are largely responsible for the creation of illegal tax shelters as well as the performance of inadequate audit work that has drastically harmed the public (Enron, Tyco, Worldcom, etc.). In these trying economic times, allowing states to simply let CPAs travel and work from State to State creates another semblance of deregulation.

Mr. Chickering did note that if most states are moving from 120 to 150 then those states that decide to keep 120 will suffer and it will ultimately harm the CPAs who are doing interstate work. While there are many challenges in implementing 150 at some point 120 may become obsolete....therefore in comparing staying at 120 or moving to 150 to be certified would be counter-intuitive from this perspective....and there is no choice but to move toward 150 as not moving forward would leave New Hampshire at a disadvantage when the majority of States have changed their rules and laws.

Based on the above, Mr. Chickering has major concerns with the long term ramifications of moving to 150, yet at this time feels that New Hampshire will need to move to the 150 education as the requirement to be Certified for the reasons outlined in the preceding paragraph.

Ms. Goldberg felt that as she understood it, there were two issues. One issue was do we adopt mobility and does 150 hours make you a better CPA. She did not think the issue of 150 and whether it made a better CPA or not was going to be solved quickly and may never be solved so she asked, "Do we adopt Mobility"?

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Mr. Hanson asked if the committee had discussed, as an alternative, that New Hampshire not adopt Mobility and/or the 150 and legislatively restrict licensees from coming into the state without proper registration. He suggested further that we stay with 120 hours of education and we could establish agreements with individual states.

Ms. Christie responded that the committee had not considered Mr. Hanson's suggestion above, that the committee's charge was only to vote on the 150/Mobility matter, not alternatives.

Mr. Olbricht was asked to comment. He stated that he believed that the society would want some specific educational requirements but he cautioned in being too specific. He also stated that NASBA was currently conducting a study at this time on this issue.

Ms. Christie pointed out again that there was no uniformity among the states regarding the 150.

At this point Ms. Christie:

Asked for a vote on whether the NH Board of Accountancy would be in favor of the concept of Mobility/150 in the state of New Hampshire.

Wayne Geher	Yea
Andrea Goldberg	Yea
Walton Owen	Yea
Sheila Christie	Yea
Jefferson Chickering	Nay
Prof. Richard Hanson	Nay

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10. The following applications for Certification as a Certified Public Accountant in New Hampshire were approved on October 20, 2008.

Walid Youssef Abboud	4679
Emmanuel Benoist	4680
Jihye Choi	4681
Jungeun Choi	4682
Chiara Ciraldo	4683
Raymond Stanley Cota	4684
Kenneth Der	4685
Milena Janka Djordjevic	4686
Janie L.Fogg	4687
Rostom Frej	4688
Jennifer G.Galang	4689
Anitra A.Gibson	4690
Bashar Husni Haddad	4691
Christopher C. Handy	4692
Emily E. Haswell	4693
Wael H. Houssami	4694
Sandra M. Ippedico	4695
Mariska Kwok	4696
Nancy C. LaTorre	4697
Rui F.L. Lavandeira	4698
Minyi Liu	4699
Rodrigo A. Magana	4700
Nauman Merchant	4701
Paulette S. Munnings	4702
Mizuki Nogami	4703
Mohamed Nsouli	4704
Lacey S. Powell	4705
Wassim E. Sawaya	4706
Yoko Sugita	4707
Linda B. Ward	4708
Chi Hong William Wong	4709
Jing Wu	4710

- 11.** Upon the motion of Andrea Goldberg and the second of Wayne Geher, the Board, by roll call vote, resolved to conduct a non-public session for the purpose of discussing complaints of alleged licensee misconduct. This non-public meeting is authorized by RSA 91-A: 3,II (c), RSA 91-A: 3,II (e), RSA 91-A: 5, IV Lodge v. Knowlton, 118 N.H. 574 (1978) and the Board's executive and deliberative privileges. Each member recorded his or her vote on the motion, which passed by a unanimous roll call vote which is as follows:

Vote: Jefferson Chickering, Yea, Professor Hanson, Yea, Wayne Geher, Yea, Owen Walton, Yea, and Deb Butler, Yea, Sheila Christie, Yea and Andrea Goldberg, Yea.

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- 12.** Upon the motion of Owen Walton and the second of Sheila Christie the Board, by roll call vote, resolved to withhold the minutes of the preceding non-public session from public disclosure pursuant to RSA 91-A:3, III on the grounds that public disclosure would be likely to effect adversely the reputation of a person other than a board member and to render the proposed action ineffective. Each member recorded his or her vote on the motion, which passed by a unanimous roll vote of all members present which is recorded as follows:

Vote: Jefferson Chickering, Yea, Professor Richard O. Hanson, Yea, Wayne Geher, Yea, Owen Walton, Yea, and Deb Butler, Yea, Sheila Christie, Yea and Andrea Goldberg, Yea.

Professor Richard O. Hanson, Secretary and
Certified Public Accountant