



# Legislative Background Brief

for the  
Economic Affairs Interim Committee

January 2012

## Board of Public Accountants

*Prepared by Pat Murdo, Legislative Research Analyst*

**Board (2-15-1756, MCA)** = 7 members appointed by the governor with the consent of the Senate. Of these, at least 4 members must be certified public accountants who are certified under Title 37, chapter 50, and actively engaged in public accounting and who have at least 5 years of CPA experience. A fifth member may be either a CPA with the above criteria or a public accountant licensed under Title 37, chapter 50, who is actively engaged in public accounting and has held a license for 5 years before being appointed. The two public members may not be engaged in public accounting. Members serve staggered 4-year terms.

### Board Members (end of term in parentheses)

<b>Licensed Representatives:</b>	<b>Public Members:</b>
Michael Johns, Deer Lodge, CPA (7/1/2014)	Kathy VanDyke, Bozeman (7/1/2014)
Jack Meyer, Missoula, CPA (7/1/2012)	Beatrice Rosenleaf, Anaconda (7/1/2012)
Rick Reisig, Great Falls, CPA (7/1/2013)	
Linda Harris, Absarokee, CPA (7/1/2013)	
Vacancy - one position	

**Number of Licensees, FY 2011 ... 4,230 FY2010\* ... 4,414 FY 2009\* ... 4,335**

By Type, FY 2011:	Certified Public Accountants	3,233
	Licensed Public Accountants	5
	Accounting Offices	695

\* Includes CPA Special Permits, which sunsetted with passage of HB 80, which allowed those with a valid certified public accountant's license in another state to practice in Montana without obtaining a separate license and made them subject to the board's authority if practicing in this state. The number for all years does not include the public accountant exam candidates who pay a fee and are a cost but may or may not become licensed in this state.

**States WITHOUT Public Accounting Boards:** Hawaii and Wisconsin (state handles)

### Revenues/Expenditures FY2009-2010 and Budgets for FY2012-2013

	Revenues		Expenditures	
	Licensing	Other	Personal Services	Operating
FY 2009	\$318, 246		\$337,442	
FY 2010	\$358,923 (base)		\$368,382 (actual)	
			Budgets	
FY 2012			\$370,984	
FY 2013			\$371,278	

Expenditure Breakdown FY 2010	Direct	Indirect	
		Admin	Div. IT/Bureau
Personal Services, incl. per diem	\$155,758	\$9,060	\$14,626
Operating Expenses			
Consulting, Printing, IT, Other	\$61,030		\$4,871
Supplies, incl. Computer	\$11,101		\$3,189
Postage, mailing, IT network, voice services	\$7,303		\$,336
Travel for Board Members	\$17,841		--
Rent and other expenses*	\$18,639		\$26,481
Legal and hearings	\$34,146		--

\*Includes office equipment and meeting room rent of \$475, computer/equipment repair of \$166, and dues, education & training and fee collection expense of \$17,998 for direct expenses and for indirect expenses: rent of \$8,883, computer/equipment repair of \$144, DLI OIT expense of \$4,689, and indirect agency of \$12,765.

**Number of Complaints**

FY 10 ..... 70  
  
FY 09 ..... 44

**Disciplinary Action** (may be from other years)

48 dismissed, 12 sanctions other than revocation (5), 1 probation, and 2 investigations  
28 dismissed, 6 sanctions other than revocation, or suspension, and 3 investigations

**Scope of Practice**

- "Practice of public accounting" under 37-50-101(10) means "performing or offering to perform, by a person certified under 37-50-302 [CPAs], licensed under 37-50-303 [public accountants], or holding a practice privilege under 37-50-325 [CPAs licensed in another state], for a client or potential client one or more types of services involving the use of accounting or auditing skills, including: (a) the issuance of reports or financial statements on which the public may rely; (b) one or more types of management advisory or consulting services; (c) the preparation of tax returns; or (d) furnishing advice on tax matters."

**2011 Legislation Impacting Board or Profession**

- HB 94, sponsored by Rep. Arntzen at the request of the Department of Labor and Industry, generally revises reciprocity and other board functions. (Became law)

**Other References in Statute to the Board of Public Accountants**

- 2-7-501, MCA: defines "board" as the Board of Public Accountants for purposes of audits of political subdivisions.
- 2-7-506, MCA: requires the Department of Administration to consult with the Board of Public Accountants in adopting rules for, among other things, selecting independent auditors authorized to conduct audits of local government entities, their qualifications, and fees payable to the department for being placed on the roster of independent auditors.

**Summary of Responses from Survey as made through January 4, 2012:**

*# of Responses from Board of Public Accountants licensees* - 70 responses, including 5 out-of-state licensees. The most appreciated function was monitoring on behalf of licensees. More people (38) had no criticisms than the next highest criticism (8) of licensing fees being too high. Twice as many felt that the board served the public welfare (34) as felt neither public safety, health, or welfare was served (17). Most (57) felt the scope of practice was "just right". A couple of people commented that they did not know if the board was necessary. Others said it was necessary to guarantee ethical performances of licensees.