

Part I – Agency Profile

Agency Overview

The Idaho State Board of Accountancy is a seven-member board appointed by the governor, with one office in Boise. Since 1917, the Board has licensed and regulated CPAs in Idaho. The director and three staff members assist the Board in carrying out its responsibilities.

National concerns about accounting, auditing practices and ethics are paramount to the profession. The Idaho State Board of Accountancy strives to act swiftly in protecting the public whenever an issue arises with a possible impact upon the citizens of Idaho.

Core Functions/Idaho Code

The Board strives to provide cost effective and efficient services that are relevant to the needs of the public. Through these services, the Board promotes the reliability of financial information and the protection of the economic welfare of the citizens of the state. Specifically, the Board is required:

- To protect the public.
- To adopt and enforce rules of professional ethics and conduct for certified public accountants and licensed public accountants.
- To determine and review the qualifications of applicants for the Uniform CPA exam and to oversee the administration of this exam.
- To grant CPA certificates to those who have met the legal requirements.
- To annually renew licenses.
- To monitor compliance with Continuing Professional Education requirements.
- To conduct administrative hearings.
- To register public accounting firms.
- To monitor compliance with Peer Review requirements.
- To administer other provisions of *Idaho Code* Chapter 2, Title 54.

Revenue and Expenditures

| Revenue | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------|------------------|------------------|------------------|------------------|
| State Regulatory Fund | \$477,300 | \$435,710 | \$444,375 | \$490,447 |
| Total | \$477,300 | \$435,710 | \$444,375 | \$490,447 |
| Expenditures | FY 2017 | FY 2018 | FY 2018 | FY 2020 |
| Personnel Costs | \$265,200 | \$268,048 | \$268,641 | \$281,394 |
| Operating Expenditures | \$166,400 | \$181,620 | \$166,195 | \$342,916 |
| Capital Outlay | \$5,400 | 0 | 0 | 0 |
| Trustee/Benefit Payments | 0 | 0 | 0 | 0 |
| Total | \$437,000 | \$449,668 | \$434,836 | \$624,310 |

Profile of Cases Managed and/or Key Services Provided

| Cases Managed and/or Key Services Provided | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--|---------|---------|---------|---------|
| Active CPA & LPA Licenses | 2,748 | 2,766 | 2,765 | 2,808 |
| CPA exam sections taken | 864 | 623 | 529 | 468 |
| Monitoring Continuing Professional Education – Reports Submitted | 2,715 | 2,851 | 2,847 | 2,834 |
| Register Public Accounting Firms | 239 | 235 | 225 | 215 |
| Investigate complaints | 16 | 8 | 8 | 13 |
| Create newsletter | 3 | 2 | 2 | 2 |

Licensing Freedom Act

Agencies who participate in licensure must report on the number of applicants denied licensure or license renewal and the number of disciplinary actions taken against license holders.

| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--|---------|---------|---------|---------|
| LICENSED CPA | | | | |
| Total Number of Licenses | 3,173 | 3,205 | 3,136 | 3,182 |
| Number of New Applicants Denied Licensure | 3 | 1 | 1 | 0 |
| Number of Applicants Refused Renewal of a License | 0 | 0 | 0 | 0 |
| Number of Complaints Against Licensees | 12 | 7 | 7 | 7 |
| Number of Final Disciplinary Actions Against Licensees | 6 | 3 | 6 | 4 |
| LICENSED PUBLIC ACCOUNTANT | | | | |
| Total Number of Licenses | 10 | 9 | 9 | 9 |
| Number of New Applicants Denied Licensure | N/A | N/A | N/A | N/A |
| Number of Applicants Refused Renewal of a License | 0 | 0 | 0 | 0 |
| Number of Complaints Against Licensees | 0 | 1 | 0 | 0 |
| Number of Final Disciplinary Actions Against Licensees | 0 | 1 | 0 | 0 |
| FIRM REGISTRATION | | | | |
| Total Number of Licenses | 239 | 235 | 225 | 219 |
| Number of New Applicants Denied Licensure | 0 | 0 | 0 | 0 |
| Number of Applicants Refused Renewal of a License | 0 | 0 | 0 | 0 |
| Number of Complaints Against Licensees | 4 | 0 | 1 | 3 |
| Number of Final Disciplinary Actions Against Licensees | 4 | 0 | 1 | 2 |

Red Tape Reduction Act

Each agency shall incorporate into its strategic plan a summary of how it will implement the Red Tape Reduction Act, including any associated goals, objectives, tasks, or performance targets. This information may be included as an addendum.

| | As of July 1, 2019 | As of July 1, 2020 |
|------------------------|--------------------|--------------------|
| Number of Chapters | 1 | 1 |
| Number of Words | 11,147 | 7,733 |
| Number of Restrictions | 128 | 13 |

FY 2020 Performance Highlights

The agency operated during the fiscal year at a deficit of \$133,863. This deficit was attributed to a couple of financial factors including the purchase of a new licensing database which was appropriated during the 2019 Idaho Legislative session (\$85,000) and an outlay for primary costs associated to the agency move to the Chinden campus (\$79,800), totaling \$164,800. The overall number of licenses increased by 46 which includes an increase of 43 in active CPA licensees. The Board will continue to work internally and externally with stakeholders on the *Licensing Freedom Act*, Executive Order 2019-02. The Board has reduced the number of words in the Accountancy Rules by 3,414 to date and the restrictive words by 263. The Board will also continue to work within Executive Order 2020-01, *Transparency in Agency Guidance Documentation* and Executive Order 2020-02, *Zero Based Regulation*. During the fiscal year the Board was also proactive in declaring a Proclamation that addressed licensee, firm and exam candidate concerns relating to the COVID-19 pandemic by offering assistance in such areas as licensing, CPE, peer review and exam scheduling as well as exam credit expiration dates.

Part II – Performance Measures

| Performance Measure | | FY 2017 | FY 2018 | FY 2019 | FY2020 | FY2021 |
|--|--------|---------|---------|---------|--------|--------|
| Licensing | | | | | | |
| 1. New CPA licenses issued | actual | 115 | 141 | 133 | 111 | ----- |
| | target | 115 | 115 | 115 | 125 | 125 |
| 2. Active Licensees requesting CPE extensions | actual | 2.9% | 2.7% | 2.4% | 3.5% | ----- |
| | target | 2% | 2% | 2% | 2% | 2% |
| Discipline/Regulation and Oversight | | | | | | |
| 3. Verified complaints closed by one hundred eighty (180) days | actual | 77% | 75% | 77% | 77% | ----- |
| | target | 75% | 75% | 75% | 75% | 75% |
| 4. Firms peer reviewed with second consecutive rating below Pass | actual | 7.3% | 4.9% | 1.4% | 10% | ----- |
| | target | 2% | 2% | 2% | 2% | 2% |
| Examination | | | | | | |
| 5. Authorizations to Test Issued | actual | 588 | 503 | 438 | 418 | ----- |
| | target | 640 | 640 | 640 | 640 | 520 |

Performance Measure Explanatory Notes

The number of new licensees once again had a drop during the fiscal year. With the COVID pandemic situation in March through June, many new licensees waited until after July 1 to receive their initial license. New licensure has a direct relationship to those taking the CPA exam and once again the number of Authorizations to Test issued by the agency were down even though Exam revenue for the fiscal year increased over the past period. The decline in the number of Authorizations to Test is a national trend which can be attributed to several factors with the primary ones being the economy prior to COVID and then COVID itself. Continuous/year around testing launched in July of 2020 so it's expected testing authorizations will rise due to this convenience. Due to the current environment, however, the Board adjusted its goal for FY 2021. The Board, in adhering to the Idaho Accountancy Act and Rules, continued to regulate the profession to protect the public. The Board will continue to strive to close 75% of all verified complaints within a 180-day window. The Board continued to work with licensees to reduce the number of requests for Continuous Professional Education (CPE) extensions. Qualified and timely completion of CPE is an extremely important aspect of the profession. Therefore, the Board, along with the CPE Committee will again focus on a goal of having no more than 2% of licensees submit a request for an extension of time to complete their professional education learning. The Board will continue to monitor firms in the peer review program.

For More Information Contact

Kent A. Absec
Accountancy, Board of
3101 Main Street, Suite 210
PO Box 83720
Boise, ID 83720-0002
Phone: (208) 334-2490
E-mail: kent.absec@isba.idaho.gov