



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

Financial Audit Division Report

Minnesota Board of Accountancy
July 1, 2002, through June 30, 2006



Financial Audit Division

The Office of the Legislative Auditor (OLA) is a professional, nonpartisan office in the legislative branch of Minnesota state government. Its principal responsibility is to audit and evaluate the agencies and programs of state government (the State Auditor audits local governments).

OLA's Financial Audit Division annually audits the state's financial statements and, on a rotating schedule, audits agencies in the executive and judicial branches of state government, three metropolitan agencies, and several "semi-state" organizations. The division also investigates allegations that state resources have been used inappropriately.

The division has a staff of approximately forty auditors, most of whom are CPAs. The division conducts audits in accordance with standards established by the American Institute of Certified Public Accountants and the Comptroller General of the United States.

Consistent with OLA's mission, the Financial Audit Division works to:

- Promote Accountability,
- Strengthen Legislative Oversight, and
- Support Good Financial Management.

Through its Program Evaluation Division, OLA conducts several evaluations each year.

OLA is under the direction of the Legislative Auditor, who is appointed for a six-year term by the Legislative Audit Commission (LAC). The LAC is a bipartisan commission of representatives and senators. It annually selects topics for the Program Evaluation Division, but is generally not involved in scheduling financial audits.

All findings, conclusions, and recommendations in reports issued by the Office of the Legislative Auditor are solely the responsibility of the office and may not reflect the views of the LAC, its individual members, or other members of the Minnesota Legislature.

To obtain a copy of this document in an accessible format (electronic ASCII text, Braille, large print, or audio) please call 651-296-1235. People with hearing or speech disabilities may call us through Minnesota Relay by dialing 7-1-1 or 1-800-627-3529.

All OLA reports are available at our web site: <http://www.auditor.leg.state.mn.us>

If you have comments about our work, or you want to suggest an audit, investigation, or evaluation, please contact us at 651-296-4708 or by e-mail at auditor@state.mn.us



OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

Senator Ann H. Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Ms. Doreen Frost, Executive Secretary
Minnesota Board of Accountancy

Members of the Minnesota Board of Accountancy

We have audited the Minnesota Board of Accountancy for the period July 1, 2002, through June 30, 2006. Our audit scope included license and fee receipts, payroll, and other administrative expenditures.

The enclosed Report Summary highlights our overall audit conclusions for the areas examined. The specific audit objectives and conclusions for each area are contained in the individual chapters of this report.

We would like to thank the staff from the Minnesota Board of Accountancy for their cooperation during this audit.

/s/ James R. Nobles

/s/ Cecile M. Ferkul

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

End of Fieldwork: August 4, 2006

Report Signed On: October 23, 2006

Minnesota Board of Accountancy

Table of Contents

| | Page |
|---------------------------------|------|
| Report Summary | 1 |
| Chapter 1. Introduction | 3 |
| Chapter 2. Financial Operations | 5 |
| Status of Prior Audit Issues | 11 |
| Agency Response | 13 |

Audit Participation

The following members of the Office of the Legislative Auditor prepared this report:

| | |
|--------------------------|----------------------------|
| Cecile Ferkul, CPA, CISA | Deputy Legislative Auditor |
| Jim Riebe, CPA | Audit Manager |
| Carl Otto, CPA, CISA | Auditor-In-Charge |
| Rhonda Regnier, CPA | Auditor |
| Tim Rekow | Auditor |

Exit Conference

We discussed the results of the audit with the following staff of the board at an exit conference on October 12, 2006:

| | |
|--------------|---------------------|
| Doreen Frost | Executive Secretary |
| Robert Hyde | Board Chair |

Report Summary

Conclusion:

The Minnesota Board of Accountancy's internal controls were generally adequate, and the financial transactions we tested complied with applicable legal provisions and management's authorizations. However, we identified the following concerns.

Key Findings:

- The board did not verify biweekly payroll expenditures or independently reconcile monthly disbursement reports to supporting documentation for other expenditures. (Finding 1, page 9)
- The board did not periodically reconcile total licenses issued to receipts collected. (Finding 2, page 9)

The report contained three finding related to internal control and legal compliance. The board resolved one prior audit finding on contracting and encumbering funds, but did not fully resolve a finding concerning late deposits.

Audit Scope:

Audit Period: July 1, 2002, through June 30, 2006

Programs Audited:

- Licensing and Fee Receipts
- Payroll Expenditures
- Administrative Expenditures

Agency Background:

The Minnesota Board of Accountancy regulates the practice of public accounting by enforcing applicable state laws and rules. The board annually issues approximately 17,000 individual and firm licenses. Effective April 4, 2005, the board merged administrative services with the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design. The board receives a General Fund appropriation for operations; the fiscal year 2006 appropriation was \$487,000. The board collected \$767,000 in receipts and incurred approximately \$442,000 in both direct and indirect costs in fiscal year 2006.

Minnesota Board of Accountancy

This page intentionally left blank.

Chapter 1. Introduction

Overview

The Board of Accountancy examines, certifies, and licenses individuals employed in the public accounting profession; the board also licenses accounting firms and regulates the practice of public accounting by both individuals and firms. The board's operations are governed by *Minnesota Statutes* 2005, 326A.01 to 326A.14, Chapter 214 generally, and Minnesota Rules Chapter 1105. The board consists of nine members appointed by the Governor. The board employs five staff. Doreen Frost is the board's executive secretary.

The board pays operating expenditures from its General Fund appropriation. The board also receives support services from the Attorney General's Office and the departments of Commerce and Finance; however, the board is not responsible for paying these indirect costs. Pursuant to statute,¹ the Department of Commerce provides administrative support to the board. Commerce provides services such as processing payroll and personnel transactions, allotting and disbursing funds, and depositing receipts into the state treasury.

Table 1-1 summarizes the board's sources and uses of funds during fiscal years 2003 through 2006. As noted in the table, receipts for examinations and licensure are deposited to the state's General Fund and are not available for use by the board. Chapter 2 provides more detail on the board's receipts and expenditures.

Table 1-1
Sources and Uses of Funds
By Fiscal Year

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Sources: ^(Note 1) | | | | |
| Appropriations | \$721,000 | \$577,000 | \$577,000 | \$487,000 |
| Budget Reductions | (64,980) | (3,000) | 0 | 0 |
| Balance Forward In | <u>84,073</u> | <u>60,142</u> | <u>120,023</u> | <u>147,531</u> |
| Total Sources | <u>\$740,093</u> | <u>\$634,142</u> | <u>\$697,023</u> | <u>\$634,531</u> |
| Uses: | | | | |
| Operating Expenditures ^(Note 2) | \$679,951 | \$514,119 | \$549,492 | \$403,124 |
| Balance Forward Out | <u>60,142</u> | <u>120,023</u> | <u>147,531</u> | <u>231,407</u> |
| Total Uses | <u>\$740,093</u> | <u>\$634,142</u> | <u>\$697,023</u> | <u>\$634,531</u> |

Note 1: The board deposits receipts into the General Fund as nondedicated revenue. See Chapter 2, including Table 2-1, for more information on receipts.

Note 2: See Table 2-1 for additional detail on expenditures. The merger with the Board of Architecture as well as the CPA test being administered by a third party significantly reduced expenditures during the audit period.

Sources: Minnesota Laws and Minnesota Accounting and Procurement System.

¹ *Minnesota Statutes* 2005, 214.04.

Minnesota Board of Accountancy

Merger with the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design

Effective April 4, 2005, the Board of Accountancy merged administrative services with the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design. Doreen Frost, who was the executive secretary for the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design, became the executive secretary for the combined boards. Prior to the merger, Dennis Poppenhagen was the executive secretary of the board.

Throughout the audit period, each board received separate appropriation funding for its operations. Since the merger, some of the boards' internal processes have been combined. The office has centralized the process for paying administrative expenses, and both boards use the state's automated self-service time entry payroll system. The processing and depositing of license and fee receipts is still fairly independent between the two boards. There are times that employees help each other, regardless of board funding source, during peak work demands.

Audit Approach

The Office of the Legislative Auditor selected the Board of Accountancy for audit based on an annual assessment of state agencies and programs. We used various criteria to determine the entities to audit, including the size and type of each agency's financial operations, length of time since the last audit, changes in organizational structure and key personnel, and available audit resources.

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we obtain an understanding of the commission's internal controls relevant to the audit objectives. We used the guidance contained in *Internal Control-Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission,² as our criteria to evaluate agency controls. The standards also require that we plan the audit to provide reasonable assurance that the board complied with financial-related legal provisions that are significant to the audit. In determining the board's compliance with legal provisions, we considered requirements of laws, regulations, contracts, and grant agreements.

² The Treadway Commission and its Committee of Sponsoring Organizations (COSO) were established in the mid-1980s by the major national associations of accountants. One of their primary tasks was to identify the components of "internal control" that organizations should have in place to prevent inappropriate financial activity.

Chapter 2. Financial Operations

Chapter Conclusions

The Board of Accountancy's internal controls over revenues and expenditures were generally adequate. However, the board did not perform a review of biweekly payroll expenditures or independently reconcile monthly disbursement reports to supporting documentation for other expenditures. Also, the board did not perform periodic reconciliations between total licenses issued and license receipts.

For the items tested, the board complied with applicable finance-related legal requirements, including the requirement that it recover its costs. However, the board did not promptly deposit some firm license receipts.

Audit Objectives

Our review of the Board of Accountancy's revenues and administrative expenditures focused on the following questions:

- Did the board's internal controls provide reasonable assurance that revenues and administrative expenditures were accurately reported in the accounting records, and financial operations complied with applicable legal provisions and management's authorization?
- For the items tested, did the board comply with the significant finance-related legal provisions governing receipts and expenditures, including the requirement that it set fees to recover its costs?

Payroll and Other Administrative Expenditures

Table 2-1 shows the expenditures charged to the board's appropriations for the fiscal years included in our audit scope.

Minnesota Board of Accountancy

Table 2-1
Payroll and Other Administrative Expenditures
By Fiscal Year

| Expenditure Type: | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---|------------------|------------------|------------------|------------------|
| Payroll | \$302,654 | \$252,508 | \$264,978 | \$248,471 |
| Rent | 57,752 | 53,047 | 97,132 | 37,165 |
| Professional/Technical Services | 16,153 | 27,220 | 24,518 | 1,155 |
| Supplies/Equipment | 58,063 | 26,494 | 51,113 | 13,745 |
| Printing/Communications | 45,747 | 28,062 | 52,673 | 41,494 |
| Travel | 18,088 | 10,247 | 8,380 | 16,198 |
| Other Operating Costs ^(Note 1) | <u>181,494</u> | <u>116,541</u> | <u>50,698</u> | <u>44,895</u> |
| Total Expenditures | <u>\$679,951</u> | <u>\$514,119</u> | <u>\$549,492</u> | <u>\$403,123</u> |

Note 1: The majority of the reduction in these costs was the result of a change in CPA testing from paper to a computer-based format handled by a third party starting the second half of fiscal year 2004.

Source: Minnesota Accounting and Procurement System.

Payroll is the board's largest expenditure. The board currently employs five individuals and has used temporary clerical employees during license renewal periods. The executive secretary reviews and approves the employees' time sheets and leave slips and releases the timesheets through the on-line self-time entry payroll process. Employees of the board belong to various compensation plans. The Department of Commerce provides human resources and payroll processing support for the board.

The departments of Employee Relations and Finance maintain the central personnel and payroll system used by all state agencies. This computer system has many edits that ensure personnel and payroll transactions comply with legal provisions and terms in compensation plans. The system also has extensive on-line policies and procedures to help state agencies record their decisions. However, the board is ultimately responsible for understanding and complying with compensation plan terms and other pertinent legal provisions.

The commissioner of Employee Relations is the chief personnel and labor relations manager for the executive branch. In this capacity, the commissioner of Employee Relations oversees a wide array of functions, from negotiating compensation plans to maintaining the civil service classification system. To fulfill these duties, *Minnesota Statutes* give the commissioner of Employee Relations the authority to further delegate certain responsibilities to individual state agencies. DOER has granted delegated authority to the board for certain human resources decisions and activities.

The conclusions reached in this report are based solely on work done at the Board of Accountancy. In addition, the Office of the Legislative Auditor also performed audit work to assess the adequacy of centralized personnel and payroll controls administered by the departments of Employee Relations and Finance. Legislative Audit Report #03-47, issued in August 2003, focused on security controls that protect the integrity and confidentiality of data in the personnel and payroll system. It also assessed the adequacy of central controls over pay

Minnesota Board of Accountancy

rates, leave accruals, and payroll processing. Due to the significance of payroll costs to the State of Minnesota, we continue to examine central personnel and payroll controls and will be issuing another report to the departments of Employee Relations and Finance at a later date.

The board incurs other administrative expenditures for goods and services, such as rent, professional and technical services, supplies and equipment, printing, travel, and other costs. The board works closely with the Department of Commerce for the processing of purchases and disbursements. Due to the limited number of employees at the board, it is more efficient for Commerce to help process certain transactions and also aids in the segregation of duties. The board's relationship with Commerce is established in statute.

Revenues

The board processes applications for original and renewal licenses, investigates complaints filed against licensees, and assesses fines and penalties. The board administered license examinations through November 2003. Since that time, the National Association of State Board of Accountancy began administering the CPA examination, and collecting application and examination fees; the Minnesota board receives a portion of the application fees each month. Candidates that successfully complete examination requirements are eligible for licensure. Annually, approximately 17,000 individuals and firms submit renewal applications and fees. The renewals are due as of December 31 each year. Fees are established in Minnesota Rule 1105.0600. Table 2-2 presents the revenues collected by the board for the four fiscal years ended June 30, 2006.

**Table 2-2
Revenues
By Fiscal Year**

| Revenue Type: ^(Note 1) | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--|------------------|------------------|------------------|------------------|
| License Fees | \$450,595 | \$483,834 | \$518,568 | \$629,155 |
| Examination/Application Fees ^(Note 2) | 224,256 | 187,519 | 53,200 | 99,665 |
| Fines, Penalties, and Other | <u>21,415</u> | <u>10,315</u> | <u>31,832</u> | <u>38,180</u> |
| Total Revenues | <u>\$696,266</u> | <u>\$681,668</u> | <u>\$603,600</u> | <u>\$767,000</u> |

Note 1: The board deposits receipts into the General Fund as nondedicated revenue.

Note 2: In November 2003, the National Association of State Board of Accountancy began administering the CPA exam and collecting examination and application fees. This resulted in the elimination of examination fees from the Minnesota Board of Accountancy's revenues and reduced the amount of application fees the board receives.

Source: Minnesota Accounting and Procurement System.

Board fees are governed by *Minnesota Statutes* 2005, 214.06, subd. 1, and *Minnesota Statutes* 2005, 16A.1285, subd. 2, which states that, "Fees must be set at a level that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services." Department of Finance policy³ also provides that departmental earnings must be

³ Department of Finance Operating Policy # 0311-01

Minnesota Board of Accountancy

reviewed biennially in the even numbered years to provide for a structured review and to allow for agency input in the fee setting process.

As shown in Table 2-3, the board collected about \$120,000 more in fees than necessary to cover its costs for the biennium ended June 30, 2005 (\$115,040 in fiscal year 2004 and \$4,096 in fiscal year 2005). The fee receipts do not appear excessive as of the end of that biennium; however, in fiscal year 2006, the board surplus amounted to \$325,195. The over-recovery of costs resulted from an increase in receipts, reduced budgets, and efficiencies associated with merging administrative operations with the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.

Table 2-3
Analysis of Fees Collected, Operating Expenditures, and Indirect Costs
By Fiscal Year

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---|-------------------|------------------|------------------|------------------|
| Total Revenues | <u>\$696,266</u> | <u>\$681,668</u> | <u>\$603,600</u> | <u>\$767,000</u> |
| Total Expenditures | <u>\$679,951</u> | <u>\$514,119</u> | <u>\$549,492</u> | <u>\$403,123</u> |
| Indirect Costs: ^(Note 1) | | | | |
| Department of Commerce | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| Attorney General Services | 20,521 | 10,863 | 12,228 | 11,166 |
| Statewide Indirect Costs | <u>11,405</u> | <u>21,646</u> | <u>16,934</u> | <u>7,516</u> |
| Total Indirect Expenditures | <u>\$ 51,926</u> | <u>\$ 52,509</u> | <u>\$ 49,162</u> | <u>\$ 38,682</u> |
| Total Expenditures and Indirect Expenditures | <u>\$731,877</u> | <u>\$566,628</u> | <u>\$598,654</u> | <u>\$441,805</u> |
| Fiscal Year Surplus (Deficit) ^(Note 2) | <u>(\$35,611)</u> | <u>\$115,040</u> | <u>\$ 4,946</u> | <u>\$325,195</u> |

Note 1: Although the board does not pay these indirect costs directly from its appropriation, the Legislature requires the board to include these costs when setting fees.

Note 2: By statute, the board is required to set fees sufficient to recover its costs each biennium. For the biennium covering fiscal years 2004 and 2005, the board over recovered about \$120,000 (\$115,040 in fiscal year 2004 and \$4,946 in fiscal year 2005).

Source: Auditor prepared based on Minnesota Laws and Minnesota Accounting and Procurement System.

Based on the board's recent experience with cost recovery, the board should formalize and document its review of fees in relation to its expenditures and indirect costs to ensure compliance with statutes and Department of Finance policies.

Minnesota Board of Accountancy

Current Findings and Recommendations

1. The board did not verify payroll expenditures or provide an independent review of other expenditure transactions.

Staff did not perform a verification of biweekly payroll transactions. Department of Finance policy⁴ requires agencies to review key payroll reports each pay period to verify that hours, amounts, lump sum payments, and other adjustments were accurately entered into the payroll system. In addition, someone independent of processing disbursements did not verify the accuracy of those payments. Currently, the board employee responsible for processing the payments also reconciles the monthly disbursement reports to the board's supporting documentation. The board also relies on the Department of Commerce to perform key input verification for both payroll and other expenditures. However, the board is in the best position to verify the propriety of its payroll and other expenditure transactions. To improve the effectiveness of the verification process, someone independent should verify the accuracy of these expenditure transactions.

Recommendations

- *The board should verify and document its review of the biweekly payroll reports, as required by Department of Finance policy.*
- *The board should perform an independent reconciliation of the monthly disbursement accounting reports to its supporting documentation.*

2. The board did not periodically reconcile total licenses issued to license receipts.

The board did not perform periodic reconciliations between the total number of licenses issued to the receipts collected. The board did reconcile individual deposits to licenses issued. However, a comprehensive reconciliation of total licenses issued to receipts collected would provide assurance over the integrity of the information in the licensing database and the potential risk that licenses have been issued without the appropriate payment.

Recommendation

- *The board should periodically reconcile total deposits to total licenses issued.*

⁴Department of Finance Policy PAY 0028

Minnesota Board of Accountancy

3. PRIOR FINDING PARTIALLY RESOLVED: The board did not promptly deposit some firm license receipts or restrictively endorse checks upon receipt.

The board did not always deposit firm licensing fees as required by state statutes and Department of Finance policy. *Minnesota Statutes* 2005, 16A.275 requires daily deposits when receipts exceed \$250. In response to the prior audit finding that the board did not timely deposit receipts, the board obtained a waiver from the Department of Finance that extended the deposit requirement to four days during the board's peak license renewal period. However, in four of eight sample firm license renewals tested, the board held receipts from five to ten days after the check was received before funds were deposited in the bank. The board only issues firm licenses after it processes the individual license renewals of the partners. Since the firm license fee is due on the same day as the individual partner license, the board deposited some of these renewals late. Firm license renewal receipts account for only a small portion (approximately \$28,000 per year) of the board's total licensing activity.

The board also did not restrictively endorse checks immediately upon receipt. The board keeps the checks together with the supporting documentation until the documentation is reviewed for accuracy and the transactions are recorded on its licensing system. At that point, the board endorses the checks and prepares the deposit. By restrictively endorsing the checks as the mail is opened, the board would provide additional security from loss or theft of checks prior to deposit.

Recommendations

- *The board should deposit firm license receipts in accordance with statutory requirements and Department of Finance policies.*
- *The board should restrictively endorse checks immediately upon receipt.*

Status of Prior Audit Issues As of August 4, 2006

Most Recent Audit

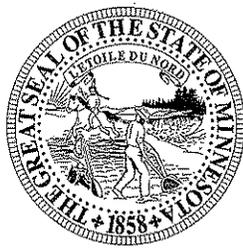
Legislative Audit Report 02-33, issued in May 2002, examined the Board of Accountancy's financial activities for the period July 1, 1998, through June 30, 2001. The scope included license and examination revenues, payroll, and other administrative expenditures. The audit report contained two findings that (1) the board did not timely deposit receipts; and (2) it did not execute contracts and encumber funds before incurring certain obligations. The board resolved the finding on contracting and encumbering funds. However, since it is still not in compliance with prompt deposit requirements for firm renewals, that issue is repeated in this report in Finding 3.

State of Minnesota Audit Follow-up Process

The Department of Finance, on behalf of the Governor, maintains a quarterly process for following up on issues cited in financial audit reports issued by the Legislative Auditor. The process consists of an exchange of written correspondence that documents the status of audit findings. The follow-up process continues until Finance is satisfied that the issues have been resolved. It covers entities headed by gubernatorial appointees, including most state agencies, boards, commissions, and Minnesota state colleges and universities. It is not applied to audits of the University of Minnesota, any quasi-state organizations, such as the metropolitan agencies, or the State Agricultural Society, the state constitutional officers, or the judicial branch.

Minnesota Board of Accountancy

This page intentionally left blank.



THE MINNESOTA BOARD OF ACCOUNTANCY

October 19, 2006

James R. Nobles, Legislative Auditor
Office of the Legislative Auditor
658 Cedar Street
Room 140 Centennial Building
St. Paul, MN 55155-1603

Dear Mr. Nobles:

The Minnesota Board of Accountancy ("Board") appreciates the thoroughness of the Audit as well as the guidance provided to enable the Board to improve its policies and procedures to meet all requirements. The Board recognizes the importance of concerns identified in this audit report and is committed to a resolution of the items.

As of October 1, 2006, the Board addressed the need for verifying the accuracy of its payroll expenditures by putting in place steps to receive monthly written reports from the Department of Commerce. The monthly reports will be checked for accuracy, by the Board's Executive Secretary, and compared to the payroll time records.

The Board addressed the need to have an independent reconciliation of the monthly disbursement reports to the supporting documentation received from the Department of Commerce by re-evaluating staff work assignments. One staff member previously did the work of processing the payments and the reconciliation of monthly reports. This assignment will be split as of November 1, 2006 between Christine Shaw, who will continue to process the payments; and Jamie Meyer who will reconcile the monthly disbursement reports received from the Department of Commerce.

The Board of Accountancy reconciles all individual deposits to each license issued. The issue of a comprehensive reconciliation of total licenses to total receipts is being addressed by the creation of a new report to pull the required data from our database and will be available in January of 2007. The report will require modification of our FoxPro database and the work will be completed under our Professional Technical Contract with Jurrens and Associates.

85 East 7th Place, Suite 125, St. Paul, MN 55101
p.651-296-7938 ■ f.651-282-2644 ■ TTY 800.627.3529
www.boa.state.mn.us

AN EQUAL OPPORTUNITY EMPLOYER

Mr. Nobles
October 19, 2006
Page 2

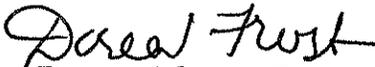
The Board of Accountancy addressed the finding of depositing firm license receipts, in part, with the help of on-line renewals. In the State of Minnesota, a firm cannot receive its license until all CPA employees have renewed their individual CPA Certificates. The firm renewal deadline is the same date as the CPA renewal. As a result staff must first confirm that the individuals in the firm have renewed.

The online renewal process created an environment of earlier renewal and faster turn around for the issuance of a license. In the event this does not eliminate the problem, the Board will take into consideration a change in administrative rules to change the deadline date of firm renewals to take place sometime after individual CPA renewals.

Finally, in August of 2006 the Board changed its administrative procedures and restrictively endorses all checks received with the opening of mail.

On behalf of the Board, thank you for the opportunity to strive for excellence in our service to the public.

Very truly yours,


Doreen Johnson Frost
Executive Secretary

djf:cms