



GUAM

board of accountancy

33-15-0571
Office of the Speaker
Judith T. Won Pat, Ed.D

June 26, 2015

Date: 6/26/15
Time: 12:31 PM
Received By: [Signature]

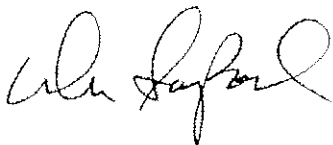
Honorable Eddie B. Calvo
Governor of Guam
Executive Chambers
POB 2950
Hagatña, GU 96932

Dear Governor Calvo:

In compliance with Public Law 31-233, Chapter 8, Title 5GCA, Section 38, §8113.1, attached is an electronic copy of minutes, agenda and other attachments to our Board meeting held on June 11, 2015.

Should you have any questions, please call us at 647-0813 or email to: execdir@guamboa.org.

Sincerely,



Dave N. Sanford
Executive Director

Attachment: Electronic copy of June 11, 2015 Meeting

cc: Honorable Judith T. Won Pat
Speaker, 33rd Guam Legislature

2015 JUN 26 PM 4: 34

GUAM BOARD OF ACCOUNTANCY
335 South Marine Corps Drive, Suite 101, Tamuning, GU 96913

Board Meeting – June 11 2015

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GUAM BOARD OF ACCOUNTANCY
335 S. Marine Corps Drive, Suite 101, Tamuning, GU 96913

MINUTES OF MEETING

May 28, 2015

I. CALL TO ORDER:

The meeting was called to order at 4:10 p.m. by Chairman John Onedera. The meeting was held in the GBA Conference Room.

Members Present: John Onedera, Chairman
 Todd Smith, Vice Chairman
 Francis Quinto Baba, Secretary-Treasurer

Excused Absence: Dafne Shimizu, Asst. Secretary-Treasurer
 Jennie Chiu, Member
 John P. Camacho, Ex-Officio Member

Also Present: Dave Sanford, Executive Director
 Michele B. Santos, Asst. Executive Director
 David Highsmith, Asst. Attorney General, Legal Counsel
 Arleen Gay, Board Secretary

II. APPROVAL OF MINUTES:

Motion was made by Todd Smith and seconded by Francis Quinto Baba to approve the Board minutes of April 30, 2015. There being no further discussion or objections, the motion carried.

III. OLD BUSINESS:

- A. Endowment Fund – Standing Committee Update:** It was agreed to go ahead and send out the invitation letters to the proposed members of the Standing Committee as indicated in the Agency Advised endowment Fund Agreement between the University of Guam Endowment Foundation and the Guam Board of Accountancy. The Chairman said he had received an email saying that the UOG had changed their accounting program for next year and had eliminated some of the required courses for the accounting degree. He said he would forward this email to all the members and since he had an advisory committee meeting the next day, he would try and get more information on the matter and forward that on to the members present.

- B. RFP – CPAES Contract for GCTC Operation Renewal:** The Executive Director said that as of May 22nd RFP notice for operation of the testing center had been placed in the newspaper and also put on GBA's website. The ad is to run four times, twice in the Guam Pacific Daily News and twice in the Marianas Variety, the last one running on June 9th. He explained that he had taken a RFP from another agency and adapted it to GBA's requirements and Legal Counsel had reviewed it and given his approval. One question had been received inquiring as to the size of the test center and he said his response would be that the size would have to follow Prometric's standards as they regulate and administer the CPA exam. The last day for submission of questions is June 1st and the last day for responses is June 5th. The last day for submittal of the RFP is June 15th. As soon as the RFP's are submitted, a committee of the Board would review and rank each proposal submitted and then a decision would be made. The contract expires on July 15th.
- C. Mobility Legislation Update:** The Executive Director informed the members that he had an appointment next Monday morning at 10:00 a.m. with the Board's Oversight Chair, B. J. Cruz, and asked who would also like to also attend. He said that he would explain the proposed mobility legislation to the Senator and had emailed the proposed draft, along with a copy of the UAA and other background information, to the Senator's staff member.

IV. NEW BUSINESS:

A. Requests for Approval:

- **CPA Exam Applications:** Motion was made by Todd Smith and seconded by Francis Quinto Baba to approve the CPA Exam Applications for the month of April, as presented. There being no further discussion or objections, the motion carried.
- **Applications for CPA Initial Certification and License to Practice:** Motion was made by Todd Smith and seconded by Francis Quinto Baba to approve the Applications for Initial Certification and License to Practice. There being no further discussion or objections, the motion carried.

V. GENERAL DISCUSSION/ANNOUNCEMENTS:

- **NASBA Quarterly Communications:** The Executive Director went over the Quarterly Communications with the members, saying that Vice Chair Donald Burkett will become the next Chair and was asking for all interested State Board members to submit their committee interest forms for 2015-2016. Highlights from the Board of Directors' meeting held in January included a report from the Chair that the Ohio Board had been discussing how to react to limited information received from the U.S. Department of Labor about some of their licensees. NASBA is concerned that DOL does not report to the Boards first and instead sends

the majority of the referrals to AICPA. It was reported that NASBA has spoken to AICPA about establishing a procedure so that the Board could use AICPA's findings with a CPA's permission to avoid a double investigation. It was suggested that this topic be part of the discussion held with the Boards at the Regional meetings.

Highlights from the President's report included the Financial Account Foundation CEO meeting to update NASBA on the work of the FAF saying the Public Company Council is coming up for sunset review and NASBA is advocating for its continuation under the leadership of past Chair Billy Atkinson. Tracking of 474 bills by the Legislative and Governmental Affairs committee, 242 being directly related to accountancy boards which include bills related to CPA firm ownership and the new 'attest' definition. Fifty Boards are now on ALD and NASBA's International Evaluation Services is continuing to grow while IT security remains a high priority for NASBA. Discussions with AICPA also continues as the practice analysis of the CPA Exam continues. Practice Analysis will be a topic at the upcoming Regional meetings. It was announced that an exposure draft on changes to the Exam will be released early September. The Executive Director went over his highlighted topics of the various other committees that reported at the BOD meeting.

Also included in the Quarterly Communications bundle was the February Regional Directors' Focus Questions and Responses which included 41 Boards responding. Highlights of the Board of Directors' meeting held in April in North Carolina was also included and the Executive Director went over his highlights with the members present noting that this was the first time in 20 years that the conference brought together State society CEOs and State Board Executive Directors.

- **Spring 2015 State Board Webcast:** The Executive Director explained that the topics discussed at the State Board Webcast included an AICPA Regulatory and Legislative Affairs update and covered some of the issues that AICPA is tracking relative to trends and issues among CPA firms. Enhancing audit quality, cooperative enforcement and AICPA Code of Conduct are some of the topics also discussed. He said more states were adopting the AICPA Code of Ethics as their Code of Ethics. Some discussion was had on CPE reciprocity and the possibility of getting to the point whereby CPE reciprocity will eventually work the same was as mobility.
- **Candidate Care Report 15Q1:** Candidate concerns for 15Q1 reported that 1384 candidates needed to be rescheduled because of the closing of 191 test centers due to ice and snow events in the Northeast. Three issues were reported by candidates with problems of the functioning of on-screen calculators, the using of note boards and markers in lieu of scratch paper and pencils and candidates being bothered by the noise of other candidates typing loudly on their keyboards. NASBA is working to come up with solutions to address these issues. The Executive Director said the calculator functionality included in the test itself was going to be replaced with Microsoft excel so there would soon be a new version of the exam.

- **NASBA & AICPA Issue Proposed Revisions to CPE Provider Standards:** The Executive Director told the members these proposed revisions covered the changes to CPE Provider Standards and that these changes were relative to nano learning and blended learning and how they certify attendance, among other things. For records purposes only.

Also Discussed:

- The Executive Director presented the financial statement for April, 2015, telling the members that we would probably end up plus or minus \$10,000 from our revenue budget and adding that we were still on track.

VI. ADJOURNMENT:

There being no further business, motion was made by Todd Smith and seconded by Francis Quinto Baba to adjourn the meeting at 5:32 p.m. The motion carried.

Respectfully submitted:


Arleen E. Gay
Recording Secretary

	JURIS ID	APP REC'D	AUD	BEC	FAR	REG	Last Name	First Name	State/Country
1	GU14055689	5/1/2015		x		x	Elbeyaly	Mohamed	U.A.E.
2	GU15056183	5/1/2015			x	x	Fukuda	Dai	Japan
3	GU15056182	5/1/2015			x		Tanaami	Daisuke	Japan
4	GU15056200	5/4/2015	x		x	x	Ben Baz	Abdullah	Saudi Arabia
5	GU15056185	5/4/2015			x	x	Guo	Shu	TX
6	GU15056206	5/4/2015	x	x	x	x	Khurshid	Shahzad	IL
7	Initial	5/4/2015		x		x	Li	Suqin	China
8	GU14045646	5/4/2015		x	x		Lin	Cheng-Yu	Taiwan
9	GU15056184	5/4/2015	x	x	x	x	Mishra	Anand	Australia
10	GU15026025	5/4/2015	x				Terasaka	Shinichiro	Singapore
11	GU15056186	5/4/2015	x	x	x	x	To	Wai Ming	Hong Kong
12	GU11104442	5/4/2015			x		Tseng	Andrew	GU
13	GU15056196	5/5/2015	x	x	x	x	Bhalla	Nitin	India
14	GU15015984	5/5/2015		x			Jain	Pankaj	U.A.E.
15	GU14075753	5/5/2015			x		Ushio	Shunsuke	Japan
16	Initial	5/5/2015		x	x		Yamamoto	Mayuko	Japan
17	GU15056191	5/6/2015			x	x	Higashi	Daisuke	Japan
18	GU15056189	5/6/2015	x		x		Kimura	Akihito	Japan
19	GU12084806	5/6/2015			x		Lo	Sung Man	Hong Kong
20	GU14085796	5/6/2015	x				Minowa	Yasuharu	Japan
21	GU15056190	5/6/2015	x	x	x	x	Oshima	Noriaki	Japan
22	GU12054683	5/6/2015		x			Sakita	Goichi	Japan
23	GU14035591	5/6/2015	x	x			Sekiguchi	Akito	Japan
24	GU15056195	5/7/2015	x	x			Bhatia	Komal	U.A.E.
25	GU11104441	5/7/2015		x	x		Kang	Lung	Taiwan
26	GU15056194	5/7/2015			x		Matsue	Shinji	Singapore
27	GU13045111	5/7/2015		x			Oriondo	Lexter Jake	GU
28	GU14115901	5/7/2015	x	x		x	Qian	Yue	PA
29	GU14085807	5/7/2015	x	x			Raparathi	Swathi	U.A.E.
30	GU1385282	5/7/2015	x		x	x	Saito	Ryota	Japan
31	GU14105870	5/7/2015		x			Seo	Tomoko	Japan
32	GU14125949	5/7/2015	x	x			Wang	Lingyu	IL
33	GU14105861	5/7/2015				x	Wu	Shang-Tun	Taiwan
34	GU03111879	5/8/2015	x	x			Kim	Nayeon	S. Korea
35	GU13115405	5/8/2015		x			Uchida	Yuta	Japan
36	GU14095832	5/8/2015		x			Zoraa	Mohammed	Egypt
37	GU14055704	5/11/2015		x	x		Hsu	Yu-Wei	Taiwan
38	GU14065667	5/11/2015		x		x	Ibrahim Ahmed	Waleed	U.A.E.
39	GU15056211	5/11/2015	x		x	x	Ieong	Un San	Macau
40	GU13085263	5/11/2015			x	x	Naruo	Kota	Japan
41	GU15056197	5/11/2015	x		x		Suda	Yukie	Japan
42	GU15056221	5/11/2015	x	x	x	x	Tao	Fei	CA
43	GU13045133	5/11/2015		x	x		Tsai	Pei-i	Hong Kong
44	GU15056220	5/11/2015	x	x	x	x	Wang	Lei	Canada
45	GU15056201	5/12/2015	x		x		Cheng	Chieh-Yin	Taiwan
46	GU13105382	5/12/2015	x	x			Kamiya	Kazumasa	Japan
47	GU15056199	5/12/2015	x		x		Menon	Anusha	U.A.E.
48	GU15056198	5/12/2015			x		Miyazaki	Yoshinari	Japan
49	GU14105882	5/12/2015		x		x	Osawa	Takuma	Japan
50	GU14015487	5/12/2015			x	x	Rahmy	Nada	U.A.E.
51	GU12124926	5/12/2015		x			Yamazaki	Masahiro	Japan
52	GU13075237	5/13/2015				x	Abdelkader	Mohamed	Saudi Arabia
53	GU13035066	5/13/2015	x		x		Horikawa	Hiroyoshi	Japan
54	GU13065184	5/13/2015	x		x		Hoshito	Yuji	Japan
55	GU11094379	5/13/2015		x			Matsuhisa	Tsutomu	Japan
56	GU11084362	5/13/2015	x				Suto	Fumio	Japan
57	GU14095836	5/13/2015	x	x	x		Tanaka	Sho	Japan
58	GU14065648	5/13/2015	x				Yatabe	Shigeto	Japan
59	GU14065656	5/13/2015				x	Zhao	Qingyuan	China
60	GU13095315	5/14/2015	x				Ali	Abdirahmad	Qatar
61	GU15056210	5/14/2015	x	x	x	x	Han	Sang Bum	S. Korea
62	GU14035600	5/14/2015				x	Huang	Yu-Chih	NJ
63	GU14125948	5/14/2015	x			x	Huang	En-Ting	Taiwan
64	GU15056204	5/14/2015	x		x		Ito	Naoki	SC
65	GU14035618	5/14/2015		x			Liu	Chao-En	Taiwan
66	GU14045658	5/14/2015		x	x		Mao	Jun	China
67	GU14125917	5/14/2015		x		x	Pang	Lin	China
68	GU15056203	5/14/2015				x	Satabe	Yoshinari	Japan
69	GU14065660	5/18/2015	x			x	Liu	Kangling	Taiwan

**Guam Board of Accountancy
Application for Initial Certification and License to Practice
Board Meeting of June 11, 2015**

Name of Applicant	Application for	Employer/period	Schools Attended	Experience	U.S. CPA Verifying Jurisdiction Status	Other licenses held	Recommendation
1 Mr. Satish Hariharan Iyer Netherlands	Init Cert LTP Active - Non Attest	APM Terminals Mgmt. 6/2010 to present Maersk Benelux 1/2009 to 5/2010	University of Bombay Institute of Chart Accis India	100% Accounting Serv	Christian Lankenu New Hampshire Good Standing		Approval
2 Mr. Mohammed Mabious Doha, Qatar	Init Cert LTP Active - Non Attest	Aljaazera Network 8/2010 to current Ernst & Young LLP 9/2009 to 8/2010 Albalagha Holdings Group 9/07 to 7/09	Al-Neelein University BS	20% Accounting Services 40% Audit/Attest Services 16% Financial Services 5% Tax/Tax Advisory Services 13% Consulting Skills 4% Management Adv Services	Loal El Meqati Colorado Good Standing	None	Approval
3 Mr. Shinichi Okuma Japan	Init Cert LTP Active- Non Attest	The Dai Ichi Life Ins. Co. 4/1985 thru present	Tokyo Inst. Of Technology BS Cal State East Bay	20% Accounting Services 50% Audit Attest Services 30% Financial Services	Toyoaki Miwa Guam Good Standing	None	Approval
4 Ms. Jeehyun Yoon Japan	Init Cert LTP Active - Non Attest	Japan Post Bank 4/2010 to 6/2013	Waseda Univ BA State East Bay	100% Management Advit Serv	Toyoaki Miwa Guam Good Standing	None	Approval
5 Mr. Amit Bansal UAE	Init Cert LTP Inactive	Danwey Electrical & Mech Eng 2/2007 to present Baic Ceramics 6/01 to 1/07	Kurukshetra University BA Panjab Univ MA			None	Approval
6 Mr. Khaleed Hassan Morsy Ibrahim Egypt	Init Cert LTP - Inactive	AG Gases 3/2014 to present Nahheel 4/2008 to 3/2014	Ain Shams University BA Suez Canal Univ			None	Approval
7 Ms. I-Chun Lee Canada	Init Cert LTP Inactive	Sallance Global Holdings Co. 5/2014 to present TOMI IPR Group 8/2012 to 9/2013 PikewaterhouseCoopers 2/2011 to 3/2012	Univ of Fraser Valley B.C. BBA; Ching Yun Univ; Chung Yuan Univ			None	Approval
8 Ms. Lina Liang Guang Dong, China	Init Cert LTP Inactive	Hydoo Int'l Holding Ltd. 11/2011 to present Ernst & Young 8/2004 to 9/2011	Central Univ of Finance & Economics BA			None	Approval

**Guam Board of Accountancy
Application for Initial Certification and License to Practice
Board Meeting of June 11, 2015**

9	Mr. Vivek Gajanan Sinha UAE	Init Cert LTP Inactive	Fosroc Int'l Ltd 4/2007 to present; Fosroc India Ltd 5/1995 to 4/2007; The Indian Card Clothing Co	Univ of Poona India Institute of Chartered Accts India				None	Approval
10	Mr. Daniel J. Stock Canada	Init Cert LTP Inactive	Daniel Srinan, Atty. 7/2013 to 1/2014 Seginishi Consultants 6/2008 to 12/2012	Concordia Univ BA Dawson College				None	Approval
11	Mr. Ajay Swami UAE	Init Cert LTP Inactive	Bhalla Brothers 6/2008 to 5/2014 HSCC (India) Ltd 6/1997 to 6/2008	Univ of Delhi BA Inst of Cost & Works Accountants of India				None	Approval
12	Mr. Parag Varshney UAE	Init Cert LTP Inactive	Dusit Thani Hotel Abu Dhabi 07/2011 Al Hamra Fort Hotel 06/2001	Rohilkhand University: Inst of Chart Accts: IMA				None	Approval

Arleen E Gay

From: Dave Sanford <daves@stgg Guam.com>
Sent: Thursday, June 04, 2015 9:22 AM
To: 'Michele B. Santos '; 'Arleen Gay'
Subject: FW: Guam Candidate - Sabapathy Maheswaran

Micki – see below... please review this candidate and cancel any outstanding ATT or NTS s(he) may have.

Arleen – please include in next board meeting package.

Thanks!

Dave

From: Dave Sanford [mailto:daves@stgg Guam.com]
Sent: Thursday, June 04, 2015 9:20 AM
To: 'Brentni Henderson-King'
Subject: RE: Guam Candidate - Sabapathy Maheswaran

Thanks for the info Brentni, we will respond accordingly. Please copy us on your response to the candidate.

Dave

From: Brentni Henderson-King [mailto:bhendersonking@nasba.org]
Sent: Thursday, June 04, 2015 5:09 AM
To: daves@stgg Guam.com
Subject: Guam Candidate - Sabapathy Maheswaran
Importance: High

Hi Dave,

I am reaching out to you regarding a candidate who applied for a Guam evaluation. This evaluation was completed and sent to the board. I checked with NCD and this candidate had an NTS issued but did not sit for the examination.

The problem lies with his education from Techno Global University. Recently, we discovered discrepancies between the transcripts and degree certificates we were receiving. At this time, we have determined that the transcript was from a diploma mill acting as an accredited university (there is a Techno Global University that is accredited in India – but it wasn't this one).

I do apologize for the oversight. We are currently drafting a formal response to the candidate but I wanted to let you know first so you can pull the evaluation and proceed as you see fit.

Please let me know if you have any questions or concerns or need additional information.

Brentni Henderson-King
Manager Business Development & Research
NASBA International Evaluation Services (NIES)

National Association of State Boards of Accountancy (NASBA)
150 4th Ave North, Suite 850

Arleen E Gay

From: GBA Executive Director <execdir@guamboa.org>
Sent: Wednesday, June 03, 2015 8:22 AM
To: 'Arleen Gay'; 'Michele B. Santos '
Subject: FW: Accelerated courses- take one three hour course and receive credit for two

ARLEEN - please include in next board meeting package. Thanks! Dave

-----Original Message-----

From: Bob Brooks [mailto:BobBrooks@nccpaboard.gov]
Sent: Wednesday, June 03, 2015 1:40 AM
Cc: Dan Dustin (ddustin@nasba.org); Patricia Hartman; David Nance
Subject: Accelerated courses- take one three hour course and receive credit for two

Please see the email below. This is something new that NASBA needs to look at. FYI

-----Original Message-----

From: Masino, Anthony George [mailto:MASINO@mail.etsu.edu]
Sent: Tuesday, June 02, 2015 11:26 AM
To: Buck Winslow
Subject: CPA Licensure Inquiry
Mr. Winslow,

I currently teach for East Tennessee State University and working on an academic article regarding the increase of college's offering accelerated graduate accounting degrees. Several college programs are debating accelerated undergraduate and graduate accounting degree programs. Typically students that meet certain thresholds can take one course which could potentially count towards their credit requirements for both undergraduate and graduate degrees.

I have sent this same fact pattern to various state Boards to determine how the respective Board will handle the issue. To date I have yet to receive a finite answer one way or other on the matter. I have heard the question is one that has not been posed before and as such, the Board wants additional time to consider the ramifications.

My question is academic in nature due to the uptick in programs that offer the accelerated masters in accounting degree option ("double count"). The rules and regulations in the various states indicate credit hours earned so the question may be moot. The Board(s) may believe how the credit is earned is a decision left to the accredited college and will allow the "double count" classes towards the minimum accounting hours requirement.

Under most Boards' rules to become a CPA, the applicant has to have 150 semester hours which must include 30 semester hours in accounting (24 of which must be in upper division courses) and 24 semester hours in business courses (12 of which must be in upper division courses). Thus my question - *if an applicant was accepted into the accelerated degree program that would allow certain courses to "double count" for undergraduate and graduate degree (one 3 credit hour class would count as 3 credit hours against undergraduate degree as well as 3 credit hours against graduate degree) would the Board allow the one course to count for six hours or three hours against meeting licensure requirements?*

Typically a student would complete the necessary credit hours to receive an undergraduate accounting degree (120 hours) and earn an additional 30 credit hours for a graduate degree in

accounting. The premise of the accelerated program is students that successfully complete certain courses would be given "credit" for one class at both the undergraduate and graduate level. Thus a student would be able to take one 3 credit course but would earn 3 credits toward the undergraduate degree and 3 credits toward the graduate degree. As an example -an undergraduate student enrolls in graduate corporate tax class. Upon successfully completing the course the student transcript would show a 3 credit hour corporate tax class for their undergraduate degree and a 3 credit hour corporate tax class for graduate degree. Of the programs that offer the accelerated option, I randomly selected a few to figure out how the program works. Each and every program indicated the one class would be able to count twice and would be labeled on the transcript as two distinct courses (different course prefix). Therefore under the earlier example - the corporate tax class could show up on the undergraduate transcript as say ACT3500 and graduate transcript as ACT5500. If what was disclosed by these programs is accurate, it may be extremely difficult for the various Boards to distinguish when one class was taken but the student earned credit as if it was two distinct classes (ie - double counting). Most of the colleges that offer the accelerated option will allow up to 3 or 4 classes to double count. Thus a student could take 4 three credit hour courses (12 credit hours) but earn 24 hours in total (12 undergraduate, 12 graduate).

Anthony Masino, JD, CPA, MPAcc Assistant Professor East Tennessee State University
masino@etsu.edu<mailto:masino@etsu.edu> (423) 439-8657

Arleen E Gay

From: Dave Sanford <daves@stggua.com>
Sent: Tuesday, June 09, 2015 9:53 AM
To: 'Arleen E Gay'
Subject: FW: Frequent Government and NFP violations
Attachments: Frequent government and NFP violations 06082015.docx

ARLEEN – please include in next board meeting package. Thanks! dave

From: Arietta Ritch [mailto:aritch@aicpa.org]
Sent: Tuesday, June 09, 2015 6:24 AM
Subject: Frequent Government and NFP violations

Good Afternoon;

The attached are the most frequent violations found in in the financial statements and audits of government and not for profit entities. This information is based on investigations conducted by the AICPA Professional Ethics Division. Also this is being attach on the State Society Homepage.

Please feel free to contact us if you should have any questions.

Thank you.

Arietta P. Ritch
Administrative Assistant, Professional Ethics Division
P: +1.919.402.4163 | F: +1.919.419.4730
Email: aritch@aicpa.org
220 Leigh Farm Road
Durham, NC 27707



Thank you. We look forward to continuing to serve you and the profession.

Member service: 888.777.7077 or service@aicpa.org

[Disclaimer](#)

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AICPA PROFESSIONAL ETHICS DIVISION
MOST FREQUENT VIOLATIONS OF PROFESSIONAL STANDARDS
GOVERNMENT AND NOT FOR PROFIT INVESTIGATIONS

The AICPA Professional Ethics Division has compiled the following list of quality issues found in its investigations of government and not-for-profit entities audits over the last two years. Over that time the Division has completed 606 investigations, 228 of which were government and not-for-profit entities. In instances where reporting, disclosure and auditing errors were noted, the practitioner often could have benefited from additional experience and specific continuing professional education in this specialized area. Also, a quality control review of the financial statements and risk areas could have detected the errors. When such quality issues are identified, the member is subject to remediation (e.g., continuing professional education, pre-issuance reviews of select engagements by an independent third party) and in some instances sanctions that include publication and admonishment, suspension or expulsion from AICPA membership.

Single Audit Issues

1. The auditor failed to accurately identify and/or test all major programs in accordance with the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, §_520, "Major program determination". The most common reasons that this occurs is as follows:
 - a. Failure to combine expenditures from various funding agents having the same Catalog of Federal Domestic Assistance (CFDA) number;
 - b. Improper clustering of related program CFDA numbers;
 - c. Using an improper threshold;
 - d. Improper low risk auditee assessment which results in failing to obtain the correct percentage of audit coverage;
 - e. Failure to consider large loans in major program assessment; and
 - f. Failure to audit amounts on the Schedule of Expenditures of Federal Awards (SEFA) (An oversight).
2. The Schedule of Findings & Questioned Costs incorrectly identified the dollar threshold used to distinguish between Type A and Type B programs. The single audit requirement was set at a threshold of \$500,000 in 2005 and practitioners continue to be confused, using this amount as the type A major program threshold. Based on information in the Federal Audit Clearinghouse, this is not isolated to ethics cases; the problem is pervasive.
3. The auditor improperly identified the entity as a low risk auditee. The most common reasons this has occurred has been:
 - a. The auditee did not file a Data Collection Form in a prior year;
 - b. A qualified opinion was issued within the prior two years either over the financial statements or the SEFA;
 - c. There were material weaknesses in internal controls over financial reporting or federal compliance within the last two years; and
 - d. Material noncompliance on federal programs within the last two years.

4. The SEFA had missing information such as (1) the CFDA number (or other identifying number when the CFDA information is not available), (2) name of the federal agency or the name of pass-through entity and identifying number assigned by the pass-through entity, (3) the total federal expenditures for each federal program, and/or (4) did not include notes describing the significant accounting policies used in preparing the schedule.

Auditor's Reporting

1. The auditor did not properly date the audit report. This usually occurs because the auditor reissued the report as a result of additional disclosures or audit procedures but did not dual-date or re-date the report. However, we have also seen instances in which the auditor dated the report before obtaining sufficient evidence.
2. The auditors' report did not contain an appropriate indication of the character of the examination and the degree of responsibility taken with respect to the required supplementary information or supplementary information accompanying the basic financial statements other than with respect to the SEFA.
3. The auditor failed to opine on the prior year summarized information and failed to note that the financial statements did not disclose that the prior year summarized information did not constitute a presentation in accordance with GAAP; or, the auditor incorrectly opined on the comparative financial information when that information was presented in summarized form.
4. Auditors did not comply with Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control-Related Matters Identified in an Audit*, in wording their reports. The definitions of *control deficiencies*, *significant deficiencies*, and *material weaknesses* followed language in superseded guidance. This problem is frequent despite the age of the SAS.
5. The auditor did not report audit findings in the Schedule of Findings and Questioned Costs with all of the required elements, and/or the specific federal award identification including CFDA number and/or the name of the federal agency, and/or reference number or any other required component of a finding.
6. There is an inconsistency in the reporting of findings between the Summary of Audit Results and the Yellow Book and A-133 reports being reported in one but not the other.
7. The auditors' opinions, including the reports required under the Yellow Book and the Single Audit Act of 1984, omitted required wording.
8. The auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Yellow Book report) failed to describe the auditor's departure from the standard unqualified opinion on the financial statements.

Audit Procedures

1. The auditor did not obtain sufficient competent evidential matter to support the opinion on the financial statements and/or major federal programs. Although we see this in all areas of the audit, the most frequently seen problems concern the following:
 - a. Testing of compliance requirements;

- b. Use of out-of-date work programs or disclosure checklists that result in audit deficiencies;
 - c. Improper use of dual purpose testing; the auditor often does not adequately design procedures to meet compliance requirements;
 - d. Lack of an understanding of the difference between internal control and compliance testing; and
 - e. Inappropriate and/or unsupported sample sizes.
2. Failure to perform or document analytical procedures in the planning and/or final stages of the audit.
 3. Documentation of procedures performed was inadequate. This was seen in all areas.
 4. The auditor failed to utilize or customize an audit program.

Financial Statement Deficiencies

1. The financial statements of not-for-profit entities omitted fair value disclosures required by Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820 (FASB Statement No. 157, *Fair Value Measurements*) or made errors in the disclosure, such as the level of investment. This continues to be our most frequently seen disclosure problem.
2. The financial statements did not make the subsequent events disclosures required by FASB ASC 855-10-50 (FASB Statement No. 165, *Subsequent Events*).
3. The financial statements of not-for-profit entities did not report expenses by their functional classification, such as by major classes of program services and supporting services.
4. The statement of cash flows of both not-for-profit and governmental entities contain misclassifications among the sources of cash (operating, investing, financing).
5. Inadequate post retirement disclosures for government entities.
6. Interfund and intrafund balances and transactions were not eliminated in governmental entities and, as such, the statements of financial position and activities did not focus on the organization as a whole. Also their purpose wasn't disclosed in the notes.
7. The financial statements did not disclose the nature and amount of donor-imposed restrictions related to temporarily or permanently restricted net assets in not-for-profit entities.
8. The statement of activities does not report all expenses as decreases in unrestricted net assets.
9. The financial statements of not-for-profit entities reported donated services that do not meet the requirements of GAAP. This is often done because the entity has a matching requirement under its grant contracts and wants to reflect this in the financial statements.
10. The Management Discussion and Analysis (MD&A) in governmental entities was missing required elements or was not presented as required and the auditor's opinion was not modified.
11. The Statement of Revenues, Expenditures, and Changes in Fund Balances in governmental entities did not properly classify revenues by fund and source or expenditures by function or character.
12. Disclosures did not include nature, reason, or amount of prior period adjustments and/or the adjustments were not properly presented within the current and prior year comparative, if applicable, basic financial statements.
13. The financial statements did not disclose terms and rates of long-term liabilities and debt service requirements for future years.

Other

1. The auditor failed to comply with the continuing professional education requirements contained in *Government Auditing Standards*.

2. The firm failed to undergo peer review as required by state board and/or Yellow Book requirements or by the requirements of the AICPA and/or state CPA society.

GUAM BOARD OF ACCOUNTANCY
FY2015 Revenue, Expense and Fund Balance Summary w/History and FY2015 Budget
(Modified Accrual Basis: updated 6/11/15 mbs/dns)

BUDGET CATEGORY Description	NOTES	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual YTD 5/31/2015	FY2015 Approved Budget
REVENUES SUMMARY							
Exam Application Fees		26,875	66,976	79,050	80,300	55,900	65,000
Guam Computer Test Center Administration Fees		531,315	402,985	391,490	397,870	250,855	430,000
Certification Fees		29,250	42,875	49,200	54,200	37,400	40,000
Individual Licensing Fees		48,250	72,425	87,100	102,925	57,725	80,000
Firm Licensing Fees		3,000	4,025	3,800	5,325	2,475	4,000
Penalties/Miscellaneous Fees/Interest		5,147	8,840	10,590	9,560	7,045	0
TOTAL REVENUES		643,837	598,126	621,230	650,180	411,399	619,000
220 Travel		0	0	0	0	0	0
230 Contractual							
Administrative Services Contract		270,135	272,707	274,867	275,721	194,101	285,000
Legal Services Contract		0	0	0	0	0	0
Copier Services		5,874	5,529	5,920	6,136	2,821	6,500
Education & Testing		0	15,255	0	4,325	0	45,000
Others (Publications, Dues, etc.)		15,068	14,392	22,100	14,200	0	16,000
Web/Database development & maintenance		0	0	375	0	0	12,000
233 Office Space		23,868	23,868	23,868	23,868	15,912	24,000
240 Supplies		9,610	8,603	10,174	9,429	6,649	9,000
250 Small Equipment		511	2,689	2,907	1,319	1,374	5,000
290 Miscellaneous							
Bank Charges		0	2,322	4,784	5,392	3,398	6,000
Postage		10,140	12,466	11,990	15,266	10,265	14,000
Training		0	50	50	0	0	4,000
Notices/Compliance Investigations/Others		1,234	1,978	2,691	1,774	480	0
363 Telephone Services		0	0	0	0	0	0
450 Capitalized Equipment		0	0	0	0	0	0
TOTAL EXPENDITURES	(2)	336,439	359,858	359,726	357,429	234,999	426,500
NET EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES		307,398	238,268	261,505	292,751	176,400	192,500
FUND BALANCE:							
Beginning	(1)	1,611,938	1,919,336	1,157,604	1,419,109	1,711,860	1,711,860
UOG Endowment Contribution Paid (PL 32-191)						(1,000,000)	(1,000,000)
Ending		1,919,336	1,157,604	1,419,109	1,711,860	888,260	904,360
Consisting of:							
Cash - Bank of Guam (established FY2008)		672,088	93,292	344,918	1,194,789	383,209	
Cash - Time Certificates of Deposit		1,251,002	1,053,501	1,055,496	501,505	501,505	
Accounts Receivable-NASBA		36,190	32,945	50,765	43,505	28,600	
Accounts Payable		(39,944)	(22,134)	(32,070)	(27,940)	(25,054)	
Restricted Fund Balance		0	0	1,069,000	1,039,000	888,260	
Unrestricted Fund Balance		1,919,336	1,157,604	350,109	672,860	0	

NOTES:

(1) During FY2015-Oct the Board paid \$27,940 of prior year obligations, shown as FY2014 expenditures. There are no outstanding prior year encumbrances as of 11/30/2014.

GCTC CPA Exam - PAID Events (YTD 2015 Average 1.8 events per candidate)

