

Illinois BOARD OF EXAMINERS Bulletin

Winter Edition 2018



Bruce Rauner, Governor

EXECUTIVE DIRECTOR'S CORNER



Russ Friedewald
Executive Director

Hello, 2018. Wow, did 2017 fly by or what? It was certainly an interesting year for CPA candidates. It is stressful enough to prepare to sit for any section of the exam, but knowing there will be a new exam introduced, only adds to the stress. Couple that with a delay in the score reporting and stress

becomes anxiety. Now that 2017 is past, we have some enhancements on the horizon. (Please refer to the Chair's remarks for additional information on the enhancements).

NASBA will be rolling out their new Gateway in the next few weeks. This is the system which manages all your scores including dates of attendance, location, etc. This is a big deal as NASBA has worked on developing this new system for months. I would ask that you be a little patient in the beginning as there may be a bug or two to take care of when the Gateway is launched.

Please see the notice on page 6 regarding the Gateway in this newsletter!

One very important note: We have changed the Administrative rule from 120 days to 150 days in which a provisional candidate must submit all final transcripts (including degree posted if required) from the date of sitting for the first section of the CPA examination.

Baseball season is just around the corner and that can't be a bad thing. Good luck to all you candidates working to get past the exam and on to your life as a CPA!



MODERNIZING THE ILLINOIS PUBLIC ACCOUNTING ACT & ACCOUNTING LICENSURE

Last summer, the Illinois General Assembly passed legislation supported by the Illinois CPA Society (ICPAS) and the Illinois Department of Financial and Professional Regulation (IDFPR) updating the Illinois Public



ILLINOIS CPA SOCIETY.

Accounting Act to reflect contemporary accounting practices and regulatory oversight. Also of significance to license applicants working with the Director of the Division of Professional Regulation, the department made the accounting profession one of the first professions to convert to an online application for new licensees.

[Senate Bill 899](#), now Public Act 100-0419, effective

Read More on Page 5

In This Edition

Executive Director's Corner	1
Illinois CPA Society	1
Board Chair Letter	2
A Real-Life Forensic Accountant	3
Licensure	5
NASBA Gateway Implementation Plan	6
CPA Exam Performance Summary	7

A MEMBER OF

NASBA



ILLINOIS BOARD OF EXAMINERS BULLETIN

CONTACT US:

If you cannot find the answers to your questions on our website (www.ilboe.org), please contact us directly for more information.

Hours of Operation:

8:30 AM to 5:00 PM

Monday through Friday

E-mail: Help@ilboe.org

Phone: 815-753-8900

Fax: 815-753-8953

Mailing Address:

1120 E. Diehl Road, Ste. 107
Naperville, IL 60563

Senior Office Staff:

Russ Friedewald, Executive Director

Tia France, Asst. Director, Certification

Carla Ratchford, Asst.

Director, Evaluation Services

Matthew Hoffman, Business Manager

Other Contacts:

Illinois Department of Financial & Professional Regulation

320 W. Washington, 3rd Floor
Springfield, IL 62786

Phone: 217-785-0800

Illinois CPA Society

550 W. Jackson, Suite 900,
Chicago, IL 60661

PH: 312-993-0407

THE NEW CPA EXAM AND A NEW YOU FOR 2018 A LETTER FROM THE BOARD CHAIR ON TIPS TO PREPARE YOU TO PASS THE EXAM



Dear Illinois CPA Candidate,

With the start of the New Year, many of us have New Year's resolutions to be healthier, get out of debt or just lose a few pounds. As a CPA candidate, I hope your resolution is to pass the CPA Exam in 2018! The Illinois Board of Examiners (ILBOE), in partnership with the National Association of State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) is committed to help you pass the CPA

Exam and start your career as a CPA.

As you know, the AICPA announced the launch of new software that will improve candidates' Uniform CPA Examination experience. The updates include the utilization of a full screen 23" HD monitor, Microsoft Excel as a tool, a dedicated on-screen "workspace" for candidates to review Exam exhibits and documents, a seamless cut/paste functionality and it will add "highlight" as a tool. Candidates should expect to see the new software platform at all Prometric test centers beginning April 1, 2018.

To help you prepare for the launch of this new software and the Exam itself, NASBA and the AICPA have many tools and resources available, some of which are listed below:

1. Follow NASBA on Social Media. Get the latest information on the CPA Exam by following NASBA on Facebook, Twitter, LinkedIn and Instagram. Visit www.nasba.org and click on the social media icons at the top of the page.
2. Attend live webinars hosted by NASBA and the AICPA. The next webinar, hosted by the AICPA, focuses on the Exam Blueprints. This one-hour presentation will be held on Thursday, February 15 at 1:30pm (EST). Register at <https://tinyurl.com/feb2018webcast>.
3. Read the *Candidate Bulletin*. This must read interactive document has all the information on applying, preparing and taking the CPA Exam.
4. Participate in Facebook chats. Experts at NASBA continuously host Facebook Chats with a wide range of topics related to the CPA Exam. To review previous Facebook Chats, participate in an upcoming chat or to have a greater understanding of how the Facebook Chats work, go to www.nasba.org.
5. Review the Exam Tutorial. For insight into the form and functionality of the Uniform CPA Examination, view the AICPA's Exam Tutorial at www.aicpa.org.
6. Know your requirements. Each jurisdiction has a set of requirements that must be met for a candidate to sit for the Exam. To prepare for and understand these requirements, refer to the Illinois Board of Examiners website at www.ilboe.org.
7. Take sample tests. To have a greater understanding of each section of the Exam, online sample tests are available with question types, tools, resources and more. For additional information, go to www.aicpa.org.

On behalf of the entire Illinois Board of Examiners, I wish you a most prosperous 2018 and the best of luck to pass the CPA Exam!

Sincerely,

James Kelley

A REAL-LIFE FORENSIC ACCOUNTANT

*The \$150 million plus movie about Christian Wolff in *The Accountant* is not so far-fetched as it might seem. Played by Ben Affleck, Christian Wolff is called in to investigate the possible cooked books of a state-of-the-art robotics company.*

By Scott P. McHone, CPA, PhD

In fact, the scheme at the robotics company was to engage in “wrong-way” earnings management as the company planned to go public. This involves taking out money by skimming and re-laundering the money back into the organization to pump up earnings in the future.



Crazy Eddie Fraud

Sam Antar, convicted fraudster and CFO of Crazy Eddie, indicates these three steps for skimming money and inserting the money back into the business before and after going public. He calls it “The Panama Pump” - money laundering to increase revenues and reported profits:

1. 1969-1979: Skimming and under-reporting income (tax fraud) prior to the big plan to go public.
2. 1980-1984: Gradually reducing skimming by re-inserting cash to increase profit growth in preparation for the initial public offering (i.e., committing securities fraud by “going legit”).
3. 1984-1987: As a public company, overstating income and inserting cash to help insiders dump stock at inflated prices using a variety of fraudulent tricks.

Huge Need for Forensic Accountants

There is a huge current and future need for the interesting profession of forensic accounting. You do not need to be such a whiz with numbers as Christian Wolff, but you do need to be skeptical, persistent, and an excellent interviewer. Computer software can help you be a Christian Wolff to find the red flags and uncover the fraud.

There is, of course, fraud in private industry, but I believe there is much more in the governmental sector. Dr. Larry Crumbley and I believe there might be as much as \$3 trillion of total fraud in the U.S. each year. There is a real need for the suspicious forensic accountant. With a new administration in Washington, D.C., there probably will be more emphasis on reducing fraud and abuse in the federal government.

Red Collar Crime

Just as in *The Accountant* movie, there can be some excitement, thrills, and danger in forensic accounting work. White collar crime can lead to red collar crime - violence, injury, and death. Just like the experience of forensic accountant Calvin Joyner (Kevin Hart) in the movie *Central Intelligence*, who tracked offshore accounts for an auction and is shot by Bob Stone (Dwayne “The Rock” Johnson) to save his life, forensic accounting can be exciting. Professor Richard Brody says red collar crime is more prevalent than expected. Fraudsters may become violent to cover their crime.

There have been at least thirty homicide crimes where a white-collar criminal killed or hired someone to kill a person who discovered a fraud. Houses and offices can be burned to destroy evidence. There has been at least one episode on *Law & Order: Special Victims Unit* about red collar crime.

Read More on Page 4



BOARD MEMBERS

James G. Kelly, CPA,
Chair
Bloomington, IL

Sara Mikuta, CPA,
Vice Chair
Oak Brook, IL

Howard Engle, CPA
Highland Park, IL

Jeannie Folk, CPA
Chicago, IL

Robert Gallagher, CPA
Bolingbrook, IL

Sheldon Holzman, CPA
Glenview, IL

Thomas Homer, JD
Naperville, IL

Rhonda Kodjayan, CPA
Chicago, IL

Simon Petravick, CPA
Peoria, IL

Kent Reeves, CPA
Fairfield, IL

Lawrence Wojcik, CPA, JD
Chicago, IL





**DEPARTMENT OF FINANCIAL
& PROFESSIONAL
REGULATION**

The Department of Financial and Professional Regulation is the licensing and enforcement agency for approximately 70 professions including public accountants.

Candidates seeking licensure as a Certified Public Accountant must meet educational and examination requirements as well as one year of relevant professional experience prior to applying to the Department for licensure. The Department is also responsible for the enforcement of the profession and the act that it regulates.



A REAL-LIFE FORENSIC ACCOUNTANT

Continued from Page 3

What Is Forensic Accounting?

So what is forensic accounting? The classical definition is an accounting engagement that results from disputes or litigation. “Forensic” means suitable for use in court and it is to that standard and potential outcome that forensic accountants generally must work.

But forensic accounting is so much more. Here are just some areas where forensic accountants can serve and be useful:

- Forensic accountants are used in many situations as a preventative measure and to help reduce errors and waste. Even during times when businesses are not doing as well, the need for forensic accounting will continue to be in demand in addition to traditional accounting services such as preparing financial statements, tax returns, etc.
- Many companies are using tools such as Six Sigma and Lean Management to help identify and reduce known errors and reduce the chance of the occurrence of unknown errors. Having a forensic accountant or two on the team increases the chances of having a successful engagement. The mindset of a forensic accountant is to find and prevent errors and irregularities.
- With the increases in technology, we have seen more cyber-based crimes and the need for cyber security. A forensic accountant with an information technology background is a useful tool to help reduce risk in these areas. Equipped forensic accountants can utilize software tools to analyze large amounts of data in a fraction of the time it would take to do manually.
- Another area of work for forensic accountants is in the medical field. Healthcare fraud is increasing and so is waste. Having a forensic accounting background is valuable for healthcare auditors and individuals who are entrusted with the custodianship of these resources.

Forensic accountants are helpful in detecting and preventing fraud and is a great tool for law enforcement and auditing. Forensic accountants consult with attorneys and testify in courtrooms.

Who needs forensic accounting training? The answer is every accountant, auditor, and investigator who works with money and assets.

The Future Is Bright

Forensic accounting is one of the fastest growing and highest paid professions in the area of accounting and auditing. Here is some financial information about forensic accounting:

- Forensic accountants earn more per year.
- Growth industry: practitioners have experienced rapid growth and expect more demand in the future.
- Firms offering forensic accounting services have billable rates for these services that are much higher than for their traditional accounting, tax, and auditing services.

Scott P. McHone is the Executive Director of the American Board of Forensic Accounting (ABFA)

MODERNIZING THE ILLINOIS PUBLIC ACCOUNTING ACT & ACCOUNTING LICENSURE

Continued from Page 1

August 25, 2017 made significant changes to the Act which will benefit CPAs and the accounting profession today and well into the future. Those changes are:

CPA Firm Mobility—The implementation of firm mobility follows “individual CPA mobility” which was enacted in Illinois in 2006. Firm mobility allows CPA firms, which do not have a physical presence in Illinois, to operate in Illinois without registering the firm or paying new fees providing they meet the peer review requirements and non-CPA ownership requirements of the Illinois Act.

Firm mobility generates a level playing field across the states, ensures public protection without unnecessary paperwork, and reflects the ways in which CPAs and CPA firms operate. Fourteen states (or almost one-third of the country) have currently implemented firm mobility. Illinois CPA firms are already benefitting from firm mobility in our neighboring states that have it in place: Ohio, Indiana, Wisconsin, Missouri, and Iowa. It is anticipated that firm mobility legislation will be introduced in Michigan and Kentucky.

CPE Reciprocity—CPE reciprocity exempts CPAs who hold multiple state licenses from having to meet the individual CPE requirements of each state so long as the licensee meets the CPE requirements of their home state. This exemption encourages uniformity while removing unnecessary burdens that do not play a role in protecting the public interest.

CPA Coordinator—Authorizes the IDFPR Secretary to appoint a CPA coordinator to oversee the administration and regulatory functions of the CPA profession. Programmatically, the Registered CPA license and disciplinary fund is resourced to fund a full-time position of this nature in addition to other authorized chargebacks to fund IDFPR operations.

Peer Review Technical Language—Makes technical changes to the peer review language of the statute further clarifying notification requirements of firms who perform licensed services.

Finally, 2018 is a license renewal year for Licensed CPAs, Registered CPAs and Licensed CPA firms. ICPAS will work closely with IDFPR to provide information on the electronic renewal process and timelines.

NEW CPA EXAM USER EXPERIENCE

On April 1, 2018, the AICPA will offer CPA candidates an enhanced testing experience with the launch of its new exam software at all Prometric test centers. The software modernizes the exam’s format, functionality and design, giving access to a high-definition display and new and improved tools.

- One of the biggest changes coming to the exam is the introduction of Microsoft Excel® as a tool. While candidates will not be tested on their ability to use the program, it is available for use during each exam section.
- To aid in exam preparation, the AICPA has updated its tutorial topics to guide the user through the coming changes.



SOCIAL MEDIA



Follow us on Facebook:

<https://www.facebook.com/pages/Illinois-Board-of-Examiners/304642689732298?tab=milestone&view>



Follow us on Twitter:

<https://twitter.com/bdofexaminers>

Visit our website at:

<http://www.ilboe.org/>



NASBA GATEWAY IMPLEMENTATION PLAN

NASBA is pleased to announce that the next version of the Gateway and National Candidate Database is currently scheduled to launch on Monday, March 5, 2018. The new system will bring additional functionality and improvements for both the state boards and candidates, as well as enhanced security measures in this climate of increased cybersecurity concerns.



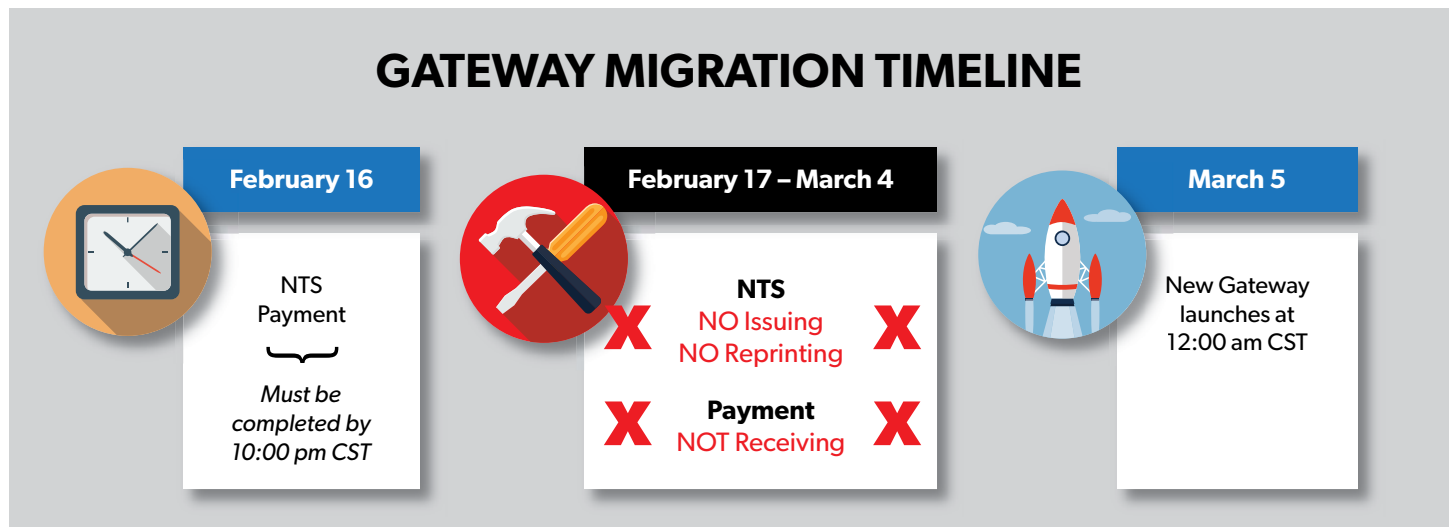
To prepare for and systematically migrate the candidate data to the new system, we need to share some important dates regarding processing. **No Applications to Test (ATT) can be accepted or processed by the Illinois Board of Examiners after 11:59 PM CST on Thursday, February 15th.** The new Gateway system will become available to candidates on March 5, 2018 at 12 am CST. **Therefore, no Payment Coupons or Notice to Schedules (NTSs) will be processed, sent or reprinted and no payments or ATTs will be accepted by NASBA during the period of February 17th to March 4th.**

Please note that scheduling with Prometric and candidate testing will not be affected by this conversion process. **Because the February 23rd score release date falls within the dark period, the scores from the originally scheduled February 23rd score release will be added to the March 8th release.** This change in projected score release dates will also be communicated directly to candidates. The February 6th and March 8th, 20th and 23rd score releases will occur as planned.

Given this dark period and minor adjustment to the score release schedule, NASBA understands the importance of communication and has prepared an extensive communication plan which will be followed. All existing candidates in the pipeline will be directly contacted and reminded multiple times, in addition to broad communication via NASBA's website, their social media channels, and through interested third parties such as educators, state societies and review course providers.

For additional information, please contact NASBA or see their site:
<https://nasba.org/exams/news/new-gatewav-and-national-candidate-database/>

GATEWAY MIGRATION TIMELINE



CPA Exam Performance Summary: 2017 Q-4

Illinois

Overall Performance

Unique Candidates	2,180
New Candidates	540
Total Sections	2,798
Passing 4th Section	403
Sections/Candidate	1.28
Pass Rate	49.9%
Average Score	71.4

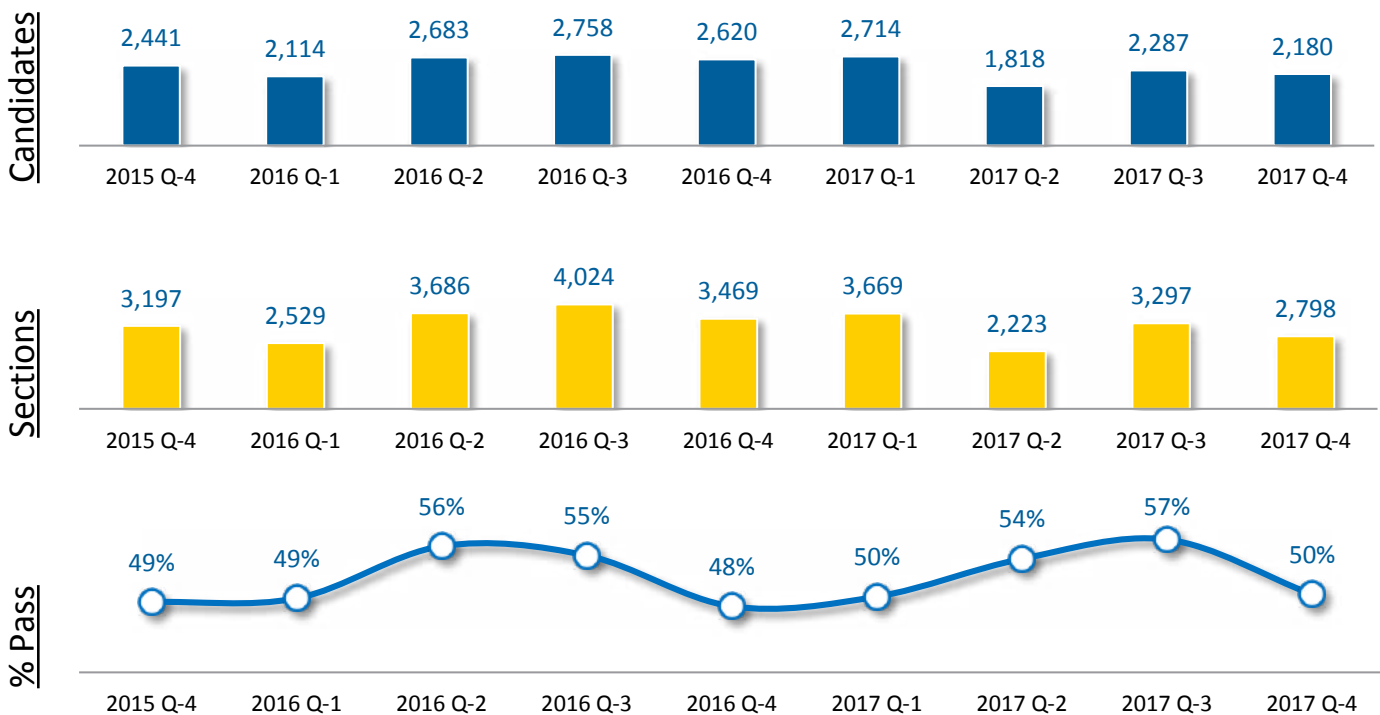
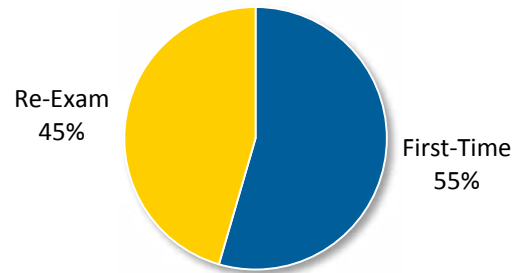
Section Performance

	Sections	Score	% Pass
First-Time	1,525	72.1	53.8%
Re-Exam	1,273	70.7	45.3%
AUD	784	72.4	50.5%
BEC	486	76.4	62.6%
FAR	759	67.5	43.2%
REG	769	71.2	47.9%

Jurisdiction Rankings (1 to 53)

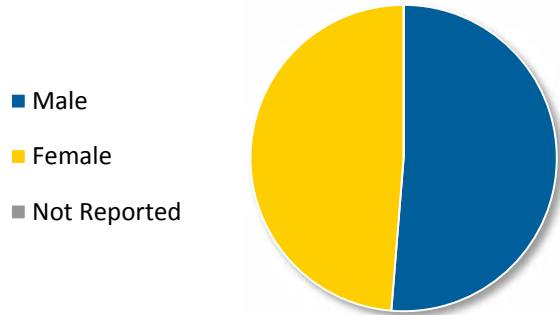
Candidates	Sections
4	4
19	17
Pass Rate	Avg Score

Exam Type by Percent



CPA Exam Performance Summary: 2017 Q-4

Demographics



Residency

Candidate Count	
In-State Address	1,862
Out-of-State Address	284
Foreign Address	34
% of Candidates	
In-State Address	85.4%
Out-of-State Address	13.0%
Foreign Address	1.6%

Degree Type

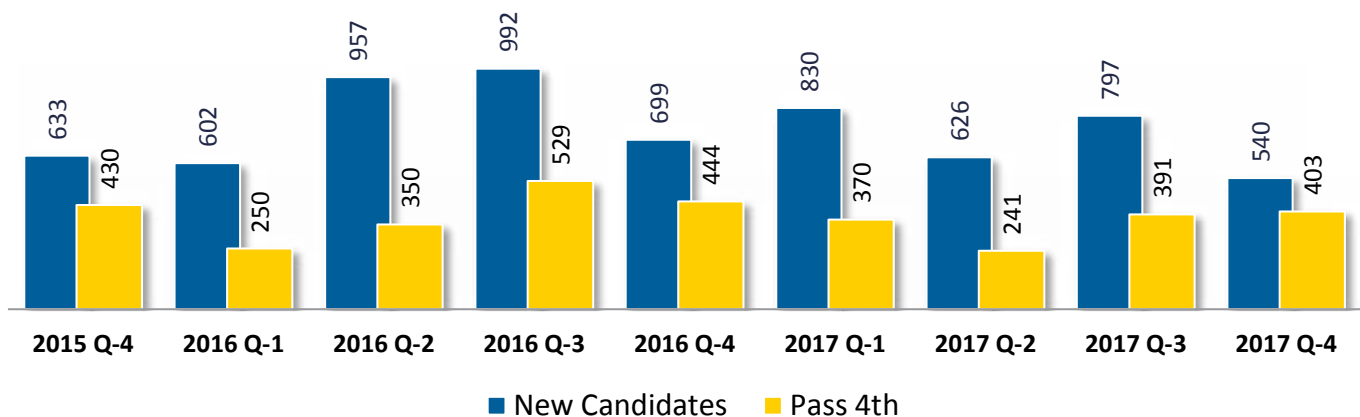
Candidate Count	
Bachelor's Degree	1,571
Advanced Degree	609
Enrolled/Other	0
% of Candidates	
Bachelor's Degree	72.1%
Advanced Degree	27.9%
Enrolled/Other	0.0%

Male Candidates	1,118	51.3%
Female Candidates	1,062	48.7%
Not Reported	0	0.0%

Average Age **27.7**

Age Rank **13**

New Candidates vs Candidates Passing 4th Section



Notes about the Data

- The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 Jurisdictions.
- The demographic data related to Age, Gender and Degree Type is provided by the individual candidates and may not be 100% accurate.