

Illinois Board of Examiners
Annual Report of Activity
Fiscal Year 2009

(July 1, 2008 through June 30, 2009)
December 1, 2009

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**Annual Report
Illinois Board of Examiners
FY09**

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Illinois Board of Examiners

Mission: “To protect the public interest by providing qualified Certified Public Accountants through certification, and to provide quality service.”

I. The Agency

A. Introduction

The Illinois Board of Examiners is a State of Illinois Agency created by the Illinois Public Accounting Act (225 ILCS 450/). The primary function of the Agency as stated in §450/2 of the Act is:

“...The Illinois Board of Examiners determines the qualifications of persons applying for certificates of Certified Public Accountant and makes rules for and conducts examinations for determining the qualifications.”

The Board reviews the qualifications of candidates for the Uniform CPA Examination, as well as applications for reciprocal CPA certificates and Total Transfer of Credit from other jurisdictions. The Board issued 1,924 CPA certificates in FY09. Approximately 100,000 Illinois Certified Public Accountant Certificates have been issued since 1903.

B. Composition of the Board

§450/2 of the Act states: *“The Board shall consist of 11 examiners, including 2 public members. The remainder shall be certified public accountants in this State who have been residents of this State for at least 5 years immediately preceding their appointment, except that one shall be either a certified public accountant of the grade herein described or an attorney licensed and residing in this State and one shall be a certified public accountant who is an active or retired educator residing in this State.”*

During Fiscal Year 2009, the period covered in this report, the board consisted of eight appointed board members, all CPAs in the State of Illinois, including two educators and one attorney.

C. Board Office

The Board of Examiners staff and administrative headquarters is located in Champaign, Illinois at 100 Trade Centre Drive, Suite 403. The staff consists of an Executive Director, Assistant Director of Certification, Assistant Director for Business, Network Manager, Foreign Credentials Analyst, Domestic Credentials Analyst and six certification specialists.

The Board communicates with the public and candidates through U.S. mail, electronic mail, direct mail projects, phone and its World Wide Web site on the Internet www.ilboa.org. Among the materials available to download are the Application for the CPA Examination, Application for Reciprocal CPA Certificate, Application for Total Transfer of Credit, Pre-qualification Academic Credentials Evaluation Form, Change of Address Form, Request for Special Accommodations per the Americans with

Disabilities Act and Request Form for CPA Certificate Verification. Additional links are provided to Internet sites related to CPA certification, testing protocol, state boards of accountancy, the American Institute of Certified Public Accountants (AICPA), National Association of State Boards of Accountancy (NASBA), the Illinois CPA Society (ICPAS) and the Illinois Department of Financial and Professional Regulation (IDFPR).

D. Annual Report

Per the Act, “The Board shall make an annual report of its activities to the Governor and the Director. This report shall include a complete operating and financial statement covering its operations during the year, the number of examinations given, the pass/fail ratio for examinations, and any other information deemed appropriate. The Board shall have an audit of its books and accounts every 2 years by the Auditor General.”

The Auditor General performed a compliance examination of the Illinois Board of Examiners for the year ended June 30, 2009. The board has not received the audit report from the Auditor General as of the date of this Annual Report.

II. Historical Background

History of Business – Certified Public Accounting in Illinois

The Board of Examiners (BOE) awards the Certified Public Accountant (CPA) certificate to a candidate upon passing the Uniform CPA examination and successful completion of “Professional Ethics: The AICPA’s Comprehensive Course.” The Illinois Department of Financial and Professional Regulation, Division of Professional Regulation, Public Accountancy Section, regulates licensing of public accounting, continuing professional education and enforcement. One year of public accounting experience or its equivalent as defined in statute is required for the license to practice public accounting. The license to practice is required only for the audit/attestation function.

Beginning in 1903, the Board of Examiners had the responsibility of examining and certifying public accountants in the state of Illinois. At that time the Illinois Public Accounting Act gave authority to the University of Illinois (University) for the CPA examination and issuance of the CPA certificate. The administrative functions of the University under the Illinois Public Accounting Act were performed by a Committee on Accountancy, appointed by and responsible to the President of the University. The Board of Examiners, comprised of 5 members who were nominated by the President of the University and approved by the Board of Trustees, conducted the examination and approved the grades.

Effective January 1, 1994 legislation was enacted amending the Illinois Public Accounting Act. The Board of Examiners was enlarged from five members to nine

and absorbed the duties of the former Committee on Accountancy. Effective July 2, 2004, the Board expanded again to eleven members, including two public members. An Executive Director and two Assistant Directors of the Board of Examiners perform administrative functions of the Board under the Illinois Public Accounting Act, as amended. In 1995, the Board entered into a fee agreement for services with the University for management, administrative, clerical, bookkeeping, auditing, legal and other services as the Board deems necessary and/or appropriate for its administration and operation.

The Board of Examiners is funded solely through application fees and fees for miscellaneous services. The Board receives no appropriated funds from the State of Illinois.

During the last fiscal year (FY09) for which statistics are available, 5,182 Illinois CPA exam candidates took at least one section of the CPA exam at testing centers in the United States. 1,720 exam candidates passed the Uniform CPA Exam and the ethics exam and were certified as Certified Public Accountants in FY09. An additional 204 CPA certificates were issued to individuals who qualified for certificates via reciprocity or total transfer of credit.

III. Work of the Agency

A. Certification by Examination

Any individual who wishes to be certified as a CPA in Illinois through examination must submit an application and fee to test to the Board of Examiners. All applicants must meet minimum educational requirements as stated in 225 ILCS 450/3, Illinois Public Accounting Act. Once eligibility is established, an approval letter is issued to the applicant and an Authorization to Test is sent to the National Candidate Database, which coordinates the computer-based testing. The testing year is divided into four testing quarters and candidates can test during the months of January-February, April-May, July-August and October-November. The Uniform CPA examination is administered at authorized Prometric testing centers throughout the United States, Puerto Rico and Guam.

The AICPA develops and scores the exam. The Board of Examiners has the sole authority to approve and release scores to candidates and to issue CPA certificates.

B. Certification by Reciprocity

Persons who hold a valid, unrevoked and active CPA certificate or license from another jurisdiction may apply to the Board of Examiners for a reciprocal CPA certificate. Reciprocal certificates are issued based on four methods: Substantial Equivalency, Education, Experience, or International Uniform Certified Public Accountant Qualification Exam (IQEX). Upon receipt of an application and fee, the Board verifies eligibility and issues a CPA certificate when all qualifications are met.

C. Certification by Total Transfer of Credit

Persons who have passed the entire examination as a CPA candidate from another jurisdiction may request transfer of those scores to Illinois and be issued an Illinois CPA certificate. All applicants must submit proof of academic eligibility and official CPA examination scores.

D. Pre-Evaluations of Academic Eligibility

Individuals planning to take the CPA examination at some point in the future may request the Board of Examiners establish academic eligibility to qualify to test. Upon submission of the evaluation form, fee and official academic credentials, the Board staff completes an evaluation of academic eligibility based on specific requirements as stated in 23 Illinois Administrative Code, Chapter VI, Section 1400.90, The Educational Requirement. The result of the evaluation is transmitted via mail to the applicant and is valid for a period of three years unless educational requirements are modified by statute during that time frame *and* the candidate has not taken the CPA examination.

E. Miscellaneous transactions

The Board receives many requests for services throughout the year. Among those requests processed are official certifications of valid CPA certificates and/or CPA examination score results; requests for candidate lists or statistics; duplicate CPA certificates; and statistical reports.

F. Management responsibilities

The Board of Examiners is in compliance with requirements relating to the obligation, expenditure and use of public funds, the collection of revenues and receipts and the handling of money or negotiable securities or other assets. The Board is responsible for establishing and maintaining effective internal controls and for compliance with laws, regulations, contracts and agreements.

IV. Offices of the Agency

Administrative Office

The Board of Examiners staff and administrative headquarters is located in Champaign, Illinois at 100 Trade Centre Drive, Suite 403. The permanent staff consists of an Executive Director, Assistant Director of Certification, Assistant Director for Business, Network Manager, Foreign Credentials Analyst, Domestic Credentials Analyst and six certification specialists.

All Agency records are kept and maintained at the Administrative Office. Various materials prepared and/or maintained by this office include the Annual Report; statistical reports; Board Orientation Manual; Employee Manual; Operations Manual; Strategic Plan; application packets; information brochures; Regulations; Board meeting agendas, documents and minutes; archived records and CPA examination ledgers; financial records; educational credentials research library; purchasing records; and computer/network documentation.

The Board of Examiners' computer system utilizes three Compaq ML350 Xeon Servers for the bulk of its work. All systems are backed up by live off site computer to computer backup. The current primary database system is a product by VERSA Management Systems, Inc. called LicenseEase that uses an Oracle database engine. The Board maintains an in-house email server and web server using Exchange and Windows 2003 server packages.

V. Personnel

Administrative Office

Russ Friedewald, Executive Director
Robbin Burge, Assistant Director for Certification
Vicki Van Uithoven, Assistant Director for Business
Ric Rose, Network Manager
Deborah Knight, Foreign Credentials Analyst
Doris McGee (Temporary), Domestic Credentials Analyst

The above staff is supported by six certification specialists who perform all support services including mail processing, phone inquiries, email inquiries, application processing, data entry, general correspondence, cash receipts and score processing.

VI. Board of Directors

CHAIR

Claireen L. Herting, MBA, J.D., CPA is a director and manager at PriceWaterhouseCoopers, LLP, Chicago, specializing in personal financial planning and federal tax. She also holds an appointment as adjunct professor of law at the John Marshall Law School and is on its Board of Trustees. She is a member of the Chicago Estate Planning Council, Illinois CPA Society, American Institute of Certified Public Accountants, American Society of Women CPAs, and the American Bar Association.

Ms. Herting is active in many community organizations including the Easter Seal Society of Metropolitan Chicago, the Art Institute of Chicago, and Midwest American Women Composers. She is the recipient of a number of honors and awards and has published scholarly articles and journals.

Ms. Herting completed a Bachelor's degree in Accountancy from the University of Illinois, Urbana-Champaign, an MBA from Kellogg School of Management and a J.D. at John Marshall Law School.

Ms. Herting's appointment began in 2003.

VICE CHAIR

Myra A. Swick, B.S., CPA, Myra is currently Manager of Finance and Accounting for the Robert Schwake Stone Co. in Des Plaines, IL. She was a partner at Walton Joplin Langer and Company, Chicago, since 1982. That firm merged with Ahlbeck and Company, Des Plaines, IL, in 2004, where she was a partner. She is past president of the Illinois CPA Society and has served on many of its committees and task forces. Ms. Swick was a member of Council of the American Institute of Certified Public Accountants, as well as past Board Member of the Chicago Finance Exchange.

Ms. Swick serves as a member of the Audit Committee of Loyola University and is past National President of the American Women's Society of CPAs. She has been honored by the Midwest Women's Center for outstanding leadership in the community. Ms. Swick earned a Bachelor of Business Administration from Loyola University with a major in Accounting.

Ms. Swick's appointment began in 2003.

Directors

Margaret A. Cartier, B.S. MBA, CPA, at the time of her retirement in 2002, was a Managing Director in the Service/Nonprofit Department of American Express Tax and Business Services. Prior to that she was a partner at Altschuler, Melvoin and Glasser, LLP for over 30 years. Her clients included service, education and nonprofit organizations. Her degrees were earned at the University of Florida and she taught accounting at Old Dominion University in Virginia before moving to Chicago.

Ms. Cartier has served in a leadership capacity in many civic and professional organizations. She was a member of the Illinois Board of Examiners from 1994 through 2000, serving as Chair from 1995-1996. Her most recent reappointment was in 2002. She is an active member and past officer of the Illinois CPA Society and a member of the American Institute of Certified Public Accountants. She is very involved in promoting the interests of women in business and has served as president of the Chicago Finance Exchange, director of the National Association of Women Business Owners and President of the Chicago Society of Women CPAs. Ms. Cartier received the Illinois CPA Society's Lifetime Achievement Award for her contributions to her profession.

Her civic involvement includes past president of the YWCA of Metropolitan Chicago and she has served on the Illinois Governor's Commissioning Committee for the USS Abraham Lincoln and on Recorder Jesse White's Transition Team.

Gary L. Fish, MAS, Ed.D. CPA, is a Professor Emeritus of Accountancy of the Department of Accountancy at Illinois State University. Dr. Fish's teaching responsibilities spanned 31 years in higher education. He has published a number of

articles in professional journals, such as the *Journal of Accountancy* and *Insight* magazine. He earned his Master's in Accounting and Ed.D. from the University of Illinois at Urbana-Champaign.

Dr. Fish has been active in the CPA profession serving on multiple boards including a prior term on the Illinois Board of Examiners from 1994 through 2000, as well as Vice President and President of the Illinois CPA Society (ICPAS).

Dr. Fish has served the CPA profession in several capacities, among them as a member of the Board of Directors of the National Association of State Boards of Accountancy (NASBA), a Member of the American Institute of CPA's (AICPA) Governing Council, and Member of the Strategic Planning Committee of the ICPAS.

Dr. Fish's most recent appointment began in 2002.

Kenneth J. Hull, B.S., CPA, served as Chairman and Chief Executive Officer of Follett Corporation prior to his retirement in March 2001. During his 30+ years with Follett, Mr. Hull held a number of positions with including Vice President Finance and Chief Financial Officer, Division Controller, Corporate Controller and Treasurer. Prior to joining Follett, Mr. Hull spent seven years in the public accounting field with a large regional CPA firm.

Mr. Hull is past President of the Illinois CPA Society and served on their Board of Directors. He has served as a member of the American Institute of CPA's Board of Directors along with being a past member of the Institute's Governing Council. He is currently on the Board of Directors of the Northwestern Publishing House; the Jane Addams Hull House Foundation; Gottlieb Memorial Hospital; and the CPA Endowment Fund of Illinois.

He is a graduate of Southern Illinois University and was selected to be a member of the College of Business and Administration Hall of Fame and was awarded the Obelisk Leadership Award in 1999.

Mr. Hull's appointment began in 2001.

Cheryl S. Wilson, B.S. MBA, CPA. From 1995 to 2000 Ms. Wilson was Chairman and CEO of the Midwest Women's Center, a social service agency that provided training in the skilled trades and promoted programs for economic self-sufficiency for women. Following that, she was President and Treasurer of THEATREplex Entertainment Properties, Inc, a real estate investment company and then Managing Director of erj Property Development, LLC, a real estate development company.

For twenty-six years prior to 1995 Ms. Wilson was a Business Assurance partner in the Chicago office of Coopers and Lybrand, LLP where she was Partner-In-Charge of three major service areas in the firm. She is a past chairperson and member of the Illinois CPA Society Board of Directors.

Ms. Wilson is active in many community and professional organizations, among those being the Chicago Finance Exchange, United Way, American Institute of CPAs, International Women's Forum and the University of Chicago-Executive Program Club.

In 2001, Ms. Wilson was honored in Today's *Chicago Woman* as one of the "100 Women Making a Difference."

Ms. Wilson's appointment began in 2003.

Richard J. York, B.S., CPA, Rick is currently tax manager at Diel & Ferguson Financial Group in O'Fallon, IL. Mr. York formerly held the position of National Secretary/Chief Financial Officer with The Catholic Knights of America. Prior to that, he was a principal with Rice, Sullivan & Co, Belleville, IL. His current duties involve tax preparation and advisory services and in the past included the performance, planning, supervision and review of work in the accounting, auditing, management advisory and business valuation areas.

Mr. York earned his Bachelor of Science in Professional Accounting from Southern Illinois University. He has served on the faculties of McKendree College and Southwestern Illinois College, teaching courses in Accounting for Nonprofit Businesses and Business Income Taxes.

His professional membership includes membership in the American Institute of CPAs and the Illinois CPA Society. He has been very active at the Chapter level of the Illinois CPA Society serving as its President, Vice-President and Treasurer. Mr. York is a legislative contact for Illinois Representative Thomas Holbrook.

Community involvement includes serving as Vice-President and President and Treasurer of the St. Clair County Rotary Club. Mr. York's appointment began in 2002.

Penelope Yunker, MA, Ph.D., CPA, is a Professor Emeritus of Accountancy and Former Department Chair of the Department of Accountancy at Western Illinois University (WIU). She earned her Bachelor and Master's degrees in Accountancy from Western Illinois University and her Ph.D. in Business Administration from St. Louis University. Dr. Yunker's teaching specializations were in financial accounting, not-for-profit and international accounting. She has published a book and a number of articles in professional journals, such as the *Columbia Journal of World Business*, *Advances in Accounting*, *National Public Accountant* and the *Journal of Accounting Education*.

Dr. Yunker has been active in many professional organizations, including the American Accounting Association, the Midwest Accounting Society, and the Illinois CPA Society. At the Society, Dr. Yunker served on the Strategic Planning Committee, the Women's Executive Committee and the Innovations in Accounting Education Grants Committee. She served five years on the National Board of Beta Alpha Psi, the national accounting honorary fraternity, four of them as Director of National and International Programs. Among her honors are Beta Alpha Psi, Beta Gamma Sigma, Phi Kappa Phi and WIU Outstanding Administrator Award, 1994.

Dr. Yunker's appointment began in 2001.

There are currently three vacancies on the Board of Examiners, including two public members.

ILLINOIS BOARD OF EXAMINERS
STATEMENT OF ACTIVITIES
Current Month Actual, Fiscal Year-To-Date Actual and 2009 Budget

Object Code	-----FY 2009-----			YTD Variance (Over)/Under	FY 2008 YTD Actual	Actl Variance (Over)/Under	
	June Actual	YTD Actual	YTD Budget				
REVENUE							
Revenue/Fees							
300430	Exam fee-one part	\$ 24,280	\$ 211,120	\$ 190,400	\$ (20,720)	\$ 176,396	\$ (34,724)
300420	Exam fee-two parts	25,232	200,192	205,200	5,008	195,588	(4,604)
300350	Exam fee-three parts	6,156	51,604	51,300	(304)	50,544	(1,060)
300410	Exam fee-four parts	21,480	182,952	207,000	24,048	178,731	(4,221)
300455	Evaluation fee (domestic)	46,550	412,475	437,500	25,025	407,050	(5,425)
300440	Reciprocals	8,280	79,225	112,125	32,900	106,110	26,885
300450	Foreign credentials	15,150	192,275	182,500	(9,775)	186,299	(5,976)
300460	Miscellaneous fees	2,305	21,972	22,000	28	22,536	563
	Total Revenue From Fees	149,433	1,351,815	1,408,025	56,210	1,323,254	(28,562)
308501	Refunds	(155)	(3,705)	(3,000)	705	(2,727)	978
	Net Revenue from Fees	149,278	1,348,111	1,405,025	56,914	1,320,527	(27,584)
302600	Miscellaneous Income	-	-	-	-	-	-
	Total Revenue	149,278	1,348,111	1,405,025	56,914	1,320,527	(27,584)
EXPENSE							
	Personnel Expense (Schedule A)	61,743	740,406	801,014	60,608	744,370	3,964
	Office Expense (Schedule B)	35,033	288,288	318,869	30,581	368,217	79,929
	Board Expense (Schedule C)	10,957	47,847	118,000	70,153	41,693	(6,154)
	Miscellaneous Expense (Schedule D)	6,401	40,303	64,500	24,197	44,613	4,310
	Office Equipment Expense (Schedule E)	169	1,183	1,551	368	52,653	51,470
	U of I Administrative Fees	16,243	91,395	101,000	9,605	82,248	(9,146)
	Total Expense	130,546	1,209,422	1,404,934	195,512	1,333,795	124,373