



IS AI A THREAT OR HELPER? LET'S CHAT ABOUT IT

BY JACOB R. HOUGH, CFE



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The prospects of artificial intelligence (AI) have been with us for about a decade, but it has been in the spotlight of late because of OpenAI's creation, ChatGPT (Generative Pre-Trained Transformer). ChatGPT has been trained on a diverse range of text data, including books, articles, and internet pages, so that it can process a wide range of prompts or questions and generate coherent responses.¹ This article explores what ChatGPT is and how it may impact forensic accounting.

What Is ChatGPT?

ChatGPT should not be confused with the virtual assistants on our phones and home devices such as Siri and Alexa. Siri, Alexa, and similar devices are designed to perform specific tasks, including setting reminders, playing music, and turning on lights. Virtual assistants can also answer questions, but they respond with essentially preprogrammed answers. ChatGPT is a language model designed to create a natural language response that does not use preprogrammed or predefined answers.

ChatGPT can be accessed online. When you log in to ChatGPT, there is a series of prompts, ranging from "Got any creative ideas for a 10-year-old's birthday?" to "Explain quantum computing in simple terms." I asked ChatGPT, "Are you able to find anomalies in data?" It responded that, yes, it has been trained on various machine learning and statistical techniques. This could be useful for those who manage large troves of data or who need daily tasks automated.

In my opening, I stated how computer science has been integrating AI into our lives for about a decade. It should be noted that while AI and

ChatGPT are related, they are not exactly the same thing.

AI is a broad field that includes creating programs that can perform tasks that would normally require a human touch. This can include decision-making algorithms, natural language processing (similar to ChatGPT), and image recognition, among other things. ChatGPT is a specific function within AI that has been trained on massive amounts of material to generate human-like responses.

Accounting and ChatGPT

ChatGPT and AI pretrained systems have the potential to improve the efficiency and accuracy of accountants, auditors, tax profession-

ChatGPT is a specific function within AI that has been trained on massive amounts of material to generate human-like responses.

als, and forensic accountants. For example, the bookkeeping process would benefit from the automatic recording of financial transactions, generation of invoices, and other tasks. Regarding forensic accounting, the automating of certain tasks and use of algorithms to analyze large volumes of financial data can help forensic accountants sort through data and identify patterns within minutes.² Use of AI can save significant amounts of time and resources when compared with traditional methods of analysis.

Here are some of the benefits of AI and ChatGPT for forensic accountants:

* Speed and efficiency – AI can process vast

amounts of data and analyze it quickly, which can save time and increase efficiency.³

* Accuracy – AI and ChatGPT can identify patterns and anomalies in financial data that humans may miss, increasing the accuracy of forensic accounting investigations.⁴

* Automation – AI can automate many repetitive and time-consuming tasks, freeing up human resources to focus on more complex analysis.⁵

Now, remember – and this is a very important reminder – AI is a tool and not a solution. Here are a few areas of concern with AI and ChatGPT that forensic accountants must consider:

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PRESIDENT'S MESSAGE

Welcome to summer!

May brings a change in the ND landscape with trees and flowers exploding with new life. Changes are also afoot within the CPA profession.

We have all heard about the coming changes to the CPA exam in January 2024. Two other key areas of conversation revolve around seeking changes in national legislation and the process for becoming eligible for CPA licensure.

Regarding licensure, as a profession we have leaned on the three Es for some time – Education, Exam and Experience. Typically, one must accumulate 150 credit hours on a college/university transcript, pass the CPA exam (often an additional ethics exam is required) and earn one year of qualified experience to become licensed as a CPA. New methods of meeting the three Es are being openly discussed across the nation.

- The AICPA and NASBA will launch a pilot program in the fall of 2023. The plan is known as the Experience, Learn & Earn Program (ELE). The program will assist students who have graduated with a bachelor's degree and are short of the necessary 150 credits for licensure. Program participants will complete up to 30 credit hours of online coursework while working as a first-year staff member. One university will be chosen for the pilot program. The AICPA and NASBA hope that participants will incur costs of less than \$5,000 to earn the additional necessary credits.
- EY has a program, the EY Career Path Accelerator. This program offers EY interns options to earn up to 20 credits towards the 150-hour requirement.
- PwC has established a program for underrepresented minorities. The CPA Acceleration Program leads to a master's degree funded by PwC.
- Some states are exploring other options for CPA licensing. Minnesota has proposed two additional options to be considered for licensing:
 - o Completing 120 semester credit hours plus two years of qualified experience.
 - o Completing 120 semester credit hours, one year of qualified experience and 120 hours of professional education within one year of applying for licensure.

The AICPA held their Spring Meeting of Council during May in Washington D.C. Your ND contingent spent part of their time in DC meeting with representatives from the offices of our senators and representative. Among other topics we shared information requesting the following:

- The Fiscal State of the Nation Resolution would establish an annual, joint hearing of the U.S. House and U.S. Senate Budget Committees to receive testimony from the U.S. Comptroller General on the federal government's consolidated financial statements.
- The Freedom to Invest in Tomorrow's Workforce Act would amend the internal Revenue Code to allow 529 savings plans funds to be used for expenses "associated with obtaining or maintaining recognized postsecondary credentials." Exam candidates could then use these funds to pay for sitting for the CPA Exam.
- The Simplify Automatic Filing Extensions (SAFE) Act would allow taxpayers the ability to calculate and rely on a safe harbor of 125% of the prior year tax to be paid in by the original due date to avoid penalties.
- The Accounting STEM Pursuit Act / STEM Education in Accounting Act would place accounting education under the STEM umbrella.

During our time in Washington D.C., we had dinner with our counterparts from Minnesota. We ate at the Founding Farmers & Distillers restaurant sponsored by the North Dakota Farmers Union (NDFU). The NDFU has seven restaurants near our nation's capital (Google tells me to use capital for the city, capitol for the building!). These restaurants use direct-sourced food from family farms and ranches, farmer-owned cooperatives, and farmer-owned processing plants. Their handmade pasta, donuts and chocolates were a hit. If you are in the DC area, I would recommend a visit.

Robert Dosch, CPA
President



FOUNDATION SCHOLARSHIPS

Congratulations to all of our 2023 Foundation scholarship winners!

R.D. Koppenhaver

Georgia Moe
Harrison Patzer
Haley Diers
Gavin Cronkhite
Jacob Beeninga
Marie Kaiser
Cade Bakke
Austin Ratliff
Samantha Adams
Avery Kovar
Anne Mager
Halli Preston
Rajesh Nepal
Brian Rudolph
Thi Thuy Duong Pham
Payton Muckle
David Beck

Eide Bailly LLP

Jolene Kuchera
Grant Munro

Eldon Reinke

Maranda Hoogenraad

Bullinger Family Foundation

Logan Zajac
Austin Wolf

Stanley Sandvick

Brandi Romereim
Ethan Kleinsasser

Brent G. Hovdestad

Lyle Lunday



MEMBERS ON THE MOVE



Matt Labernik

Effective May 1, 2023 Matt was accepted into the partnership with Eide Bailly. Matt provides transaction advisory services, with an emphasis on sell-side quality of earnings and buyer due diligence, to clients in several diverse industries.



Reggie MacMaster

Reggie joined Eide Bailly in 2011 and provides services to clients in the affordable housing industry and nonprofit organizations. Effective May 1, 2023 Reggie was accepted into the partnership with Eide Bailly. She has specialized throughout her career in the nonprofit industry, as well as HUD, rural development and low-income housing tax credit cost certifications.



Shelly Gramling

Beginning July 1, Shelley Gramling will take the position of Tax Department Head at Eide Bailly in Bismarck. Shelley has been with the firm for over six years, and specializes in providing tax efficient strategies for corporations, partnerships and individuals



Susan Sisk

Governor Doug Burgum appointed Susan Sisk, CPA of Bismarck to serve as director of the state Office of Management and Budget (OMB), effective June 12. Sisk most recently served as VP and Director of Finance for the Bismarck-based engineering firm KLJ from 2015 to 2021.



Terry Delaney

Congratulations to Terry Delaney on his recent retirement from Widmer Roel PC. Terry joined the firm in 1982 and became a stockholder/partner in 1990. He served on the Society Board of Directors and was President in 2004-05. Terry served on numerous committees during his 41 year membership with the Society including over 10 years on the CPE committee and over 20 years on the Peer Review committee.

GAINING TRACTION

Our Board of Directors met in May for our yearly summer meeting. This is typically the time of year when we focus on strategic planning, but before we could get there, we had a lot to unpack in the agenda.

We started with an update on ND peer reviews. Sadly, the number of firms doing audits, compilations and reviews has been declining. For those in the Peer Review system, please be aware of the new developments in quality standards which need to be implemented by Dec 2025. It's going to take some planning so the time to prepare is now.

Next, our Board heard from the MN CPA Society CEO, Linda Wedul. She gave background on why they chose to introduce legislation that would offer some alternative paths to CPA including 120 college credits and two years of experience. Our Board then discussed our Society stance on the 120/150 discussion. Our conclusion was that we need to get member input. We plan to provide some background at our larger CPE events and follow up with a survey. This topic will be a part of our President's tour this fall and perhaps some other meetings. It's a complex issue so we feel some updating needs to happen to make sure members understand the issue. Ultimately, this will be an issue for the State Board of Accountancy to discuss. The Society sits in on the Board of Accountancy meetings and offers input on issues we feel are important to our members and the accounting profession. Recently, NASBA adopted an amendment to the Uniform Accountancy Act (UAA) which increases the length of conditional credit from 18 months to 30 months. The Society Board of Directors is recommending that the Board of Accountancy consider changing ND rules to allow for 30 to 36 months, noting that we would not want to be more restrictive than our neighboring states.

Keeping with the advocacy theme, the Society Board was updated on our work during the legislative session. After some information on national events and committee updates, we looked at our current membership stats and began work-

ing on our 10-year target. With a lot of discussion, the Board landed on, To be the most sought-after resource for CPAs in ND and leaders of the CPA profession. Our 3-year targets deal with increased membership saturation, getting more university educator involvement in the Society, encouraging nominees for the AICPA Leadership Academy, advocating for more national volunteers in the profession and identifying a plan for increased CPE profit.

At our December Board meeting we spent a considerable amount of time looking at the Society budget. There have been some substantial changes in continuing education – particularly since 2020. While we adjust to the new world of CPE, it was also evident that our dues have not kept up with inflation. You will be seeing an increase this September but you can also expect several free CPE options. In addition, our conferences are a great value and the perfect place to connect with others in the profession.

While the world of accounting seems to be skyrocketing in complexity, our mission at the Society is becoming clearer. 1. Our advocacy efforts are stronger than ever, we are working for you nationally and locally. 2. It's clear that the pipeline of CPAs is at a crucial point and we have advanced our outreach to students to bring awareness to the profession. We've also made efforts to build relationships with universities – our goal is to get in front of potential CPAs and clear as many roadblocks as possible. 3. We are working to get you the important information you need in a way that is easy to absorb and sustainable by a small staff. 4. We are building on our successful education events and searching for new programs of interest. 5. Finally, we will continue to build events that connect CPAs in all areas of the profession because in the end – those relationships are where our real value is realized.

Sherre Sattler
Executive Director



ND BOARD OF ACCOUNTANCY REMINDER:

The North Dakota license renewal and CPE report was due on June 30. You can still file until July 31 without a late fee. After July 31, the late fee is \$100. After August 31, any license not renewed will be involuntarily relinquished. All CPE reported must be completed between July 1, 2022 and June 30, 2023.



MANAGEMENT CONFERENCE WRAP UP

The 2023 Management Conference was held June 19-20th in Fargo at the Holiday Inn. The two day event had over 250 attendees in-person and virtually. We had great speakers on finance, leadership, technology, and other important updates. We hope to see you next year June 17 - 18th same place! Thank you to our committee and everyone who contributed to make this conference a great place to learn, connect, and lead.



WELCOME OUR NEW MEMBERS

- Mikayla Cargile West Fargo
- Alex Schanilec..... Grand Forks
- Cole Anderson Thompson
- Cara Miller Warren, MN
- Chelsi Langehaug..... Lake Bronson, MN
- Lisa Nelson Fargo
- Josie Disher..... Fargo
- Jessica Henderson Minot
- Samantha Penberthy Lisbon



AICPA RECOGNIZES TOP 2022 CPA EXAM PERFORMERS WITH ELIJAH WATT SELLS AWARD



Nathan Peasland

The AICPA recently announced the 50 winners of the 2022 Elijah Watt Sells Award. This award is granted to CPA candidates who obtain a cumulative average score above 95.50 across all four sections of the Uniform CPA Examination, pass all four sections on their first attempt and have completed testing in 2022. This year North Dakota had a winner in Nathan Peasland. Nathan is a graduate of the University of North Dakota with a Bachelor of Accountancy and a Master of Accountancy. He is employed with Brady Martz and Associates in Grand Forks, ND.

What could Possibly Make This CPA Smile?

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BIG Value Out



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MEET OUR MEMBERS

STACEY LORENZ



Current Job / Company/ Location: Shareholder, CPA, EA at Chad R Strand PC, Bottineau, ND

Hometown: Bottineau, ND

Alma Mater/Degree: Associates – Dakota College at Bottineau, Bachelors – Minot State University, Masters – St. Mary's University of Minnesota

What or who inspired you to become a CPA? I always thought I would be content with being a staff accountant/bookkeeper but once I started working at my current job and started assembling tax returns and seeing the complexities and detail that went into preparing tax returns, I decided that was what I needed to be doing. I took my EA exams that summer so I would have credentials while going back to school for my master's so I would be eligible to sit for my CPA exams. There were several times during the testing process that I almost quit but my partner pushed me through and I'm very thankful he did it is truly a great feeling of accomplishment.

What is your favorite thing about your job? I like to tell people it's like putting together a giant puzzle. People bring you in all their information and documents and you must get everything into its place to complete the "puzzle". A completed complex tax return is truly a gratifying feeling. I also enjoy being able to help people when they are unsure how to proceed financially during different stages of their lives.

What was your first job? I was a pizza cook and waitress at a local restaurant.

Tell us about your family: I am in a long-term relationship and have 2 children and one on the way. My daughter is 13 and my son is 10 and they keep me running with activities and sports. We are also the proud owners of 2 amazing hunting dogs.

Tell us about a quote that influenced you: This is going to sound strange but a motivating word to me is "good". My Partner likes to tell me "Good" when things are hard, or I fail at something. Having to work harder and deal with failure makes success much more rewarding. Not everything comes easily and learning how to keep pushing yourself and not giving up is an important life lesson.

What do you like to do in your free time: I enjoy being outside when the weather cooperates and running/trail running and taking care of my many outside plants. We love to travel and go camping as a family.

Dream Vacation: I am hoping at some point in my life I can get an RV and travel to all the national parks across the country with no deadlines or plans.

Favorite Food: I would have to say any type of Mexican food.

Something most people don't know about me: I'm open, I don't think there's much about me people do not already know!

BLAKE ELLEFSON



Current Job / Company/ Location: Partner in the assurance department at Eide Bailly. I am located in the Fargo, North Dakota office.

Hometown: I am born and raised in Hibbing, MN.

Alma Mater/Degree: I received my Bachelor of Accountancy from University of North Dakota

What inspired you to become a CPA?

I started my college track with my sights set on being a mechanical engineer, but after a year and a half of course work I sought out some business courses. Those courses really ignited my passion for the business world and landed on the accounting track. Once I found the great career path of the accounting profession and specifically becoming a CPA, I worked with UND professors and local CPA firms to create a career path.

What is your favorite thing about your job?

People – Bar none the people I work with and the people we serve make this job truly amazing. My tag line is to strive leaving our clients better today than they were yesterday and with the amazing team we have at Eide Bailly we do this every day.

What was your first job?

I always had some type of activity that generated money. If it was mowing lawns for the neighborhood or if it was umpiring baseball games, I kept busy during the summer months. However, my first true job was working for a locally owned company where I was working in their mechanics shop and/or the warehouse keeping track of inventory. It was a great experience that taught me a lot about hard work and perseverance.

Tell us about your family: I am married and have two wonderful kids. Ages 7 and 5. We as a family love time together and are up for any type of activity. We are always looking for our next adventure.

Favorite Vacation or Dream Vacation: I'll take another direction at this question and ask myself what is a vacation that you are currently planning for. My family is currently planning our next adventure and will be visiting the Boundary Waters Canoe Area in Northeast Minnesota this summer.

FARM TAX CONFERENCE

August 21 - 22 | 16 CPE
Ramada - Bismarck & Virtual



BRIDGETTE READEL

Lilac Lane Media



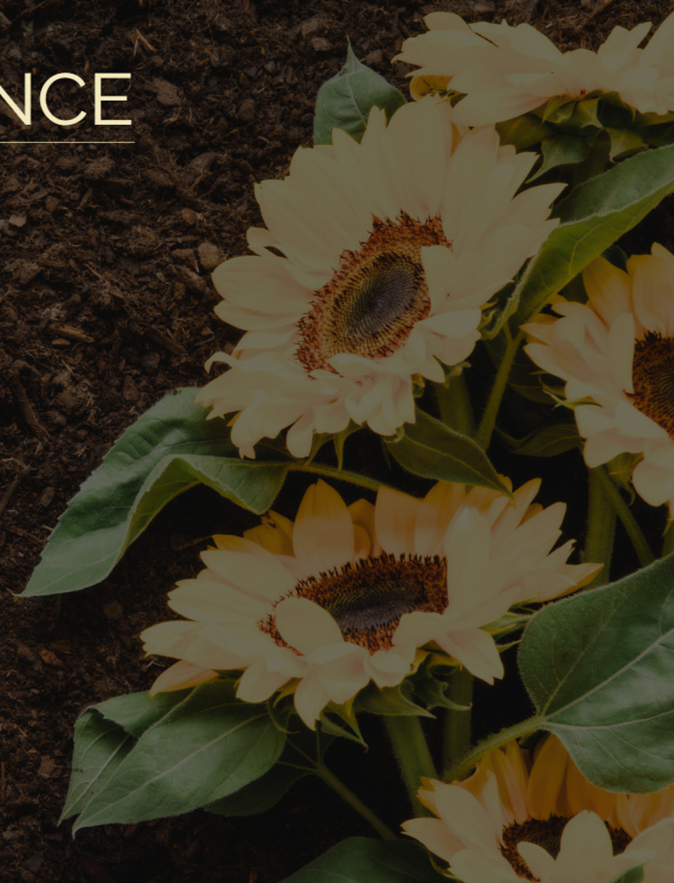
RUSS TWEITEN

AgCountry



ROGER MCEOWEN

Washburn University
School of Law



CONFERENCE SCHEDULE

MONDAY, AUGUST 21

7:30-8:15 am	Registration/Breakfast/Exhibits
8:15 - 9:05 am	Consumer Trend Impacts Bridgette Readal
9:15 - 10:05 am	1031 Updates Ameriprise Financial
10:15 - 11:55 am	Farm Tax Update Roger McEowen
11:55 - 12:25 pm	Lunch
12:25 - 3:55 pm	Farm Tax Update <i>Continued</i> Roger McEowen

TUESDAY, AUGUST 22

7:30 - 8:15 am	Registration/Breakfast/Exhibits
8:15 - 11:45 am	Farm Tax Update <i>Continued</i> Roger McEowen
11:45 - 12:15 pm	Lunch
12:15 - 1:55 pm	Farm Tax Update <i>Continued</i> Roger McEowen
2:05 - 2:55 pm	Estate Planning and Farm Transition Russ Twieten
3:05 - 3:55 pm	FSA Programs Update USDA

FEES:

\$399 Member | \$449 Nonmember

\$325 Member One Day | \$375 Nonmember One Day

Early bird registration deadline is August 1, add \$50 after that date.

HOTEL INFORMATION:

Ramada- Bismarck

1400 E Interchange Ave, Bismarck, ND 58501

**Reserve your room by July 14 for block pricing*

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FUTURE

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Dakota
CPA
SOCIETY



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For more information call UND's Office of Extended Learning at 701-777-2663

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November 14
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**Business
& Industry
Miniseries**



WANTED: EXHIBITORS / SPONSORS

We are looking for exhibitors and sponsors for our 2023 conferences. If you or your business are interested in sponsoring or advertising at one of the events below go to ndcpas.org/exhibitor to register.

EVENTS TO SPONSOR:

Farm Tax Conference
August 21-22 | Bismarck

Annual CPA Convention
September 17-19 | Fargo



VOLUNTEERS NEEDED

Build relationships with colleagues, return something to the profession, and maybe even have some fun! Whether you're in public accounting, industry, government, education or a more specialized niche. There's a spot for you to share and help. We need volunteers in the following areas. Can you help? Email us at membership@ndcpas.org

COMMITTEES

Convention

Help facilitate a fun, well organized CPA Convention

Time - Various local meetings

Membership

Recruit, engage and retain NDCPAS members. Promotes and chooses award winners and new member services

Time - 1/2 day meeting, 4-5 (1 hour) conference calls

Business & Industry

Plans the Management Conference, Stimulates interest among CPAs in industry to maintain their professional status and participate in the Society

Time - 1/2 day meeting

Professional Ethics

Responds to ethical violations handled by the AICPA

Time - Occasionally As Needed

NextGen Recruiting

Educate and Engage potential future CPAs. Includes presentations to high school and University students.

Time - 1/2 days, conference calls

Taxation

Liasion with tax entities; educate members

Time - One or two 2-hour meetings

Young Professionals

Provide young CPAs with networking and leadership development.

Become a mentor for new CPA Exam Passers

Time - 1/2 day meeting; conference calls

Small Firms Network

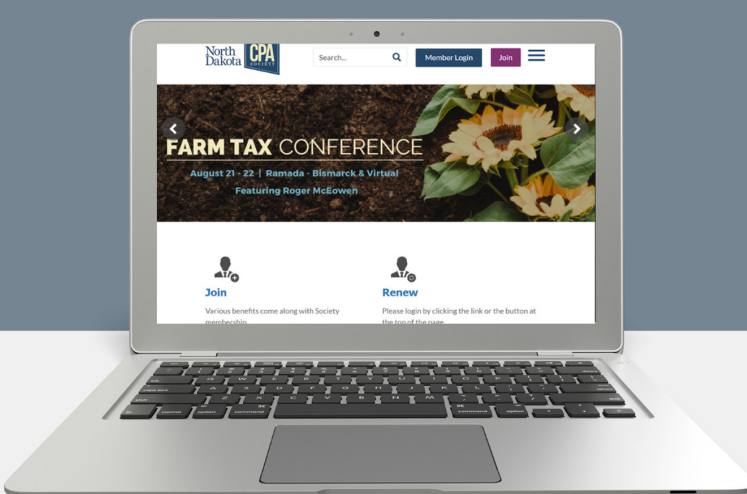
Provide a network for small firm practitioners to connect with other members and share resources.

Time - Quarterly zoom meetings, planning meetings

Other Opportunities to Volunteer

[] Write a newsletter article [] Host for a new CPA

[] Legislative Contact [] CPE Advisory Group



NEW WEBSITE COMING SOON!

- Easier CPE Search
- Cleaner/Updated look
- More CPE options
- Better Member Experience

LAST CALL FOR NOMINATIONS! 2023 SOCIETY AWARDS



Nominate someone exceptional for the MAKING A DIFFERENCE award today!

This award is available to recognize significant contributions in community service or within education, or service to the CPA Society. Recipients must be a CPA and a Society member. Nomination forms are available at ndcpas.org/awards and are due July 31.



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- Charitable Remainder Uni-Trusts
- The IRA Charitable Rollover
- How to discuss charitable giving with your client

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* Dependence on technology – Accountants who rely too heavily on AI and ChatGPT may become dependent, losing or diminishing the critical thinking skills necessary to identify potential issues.

* Limited understanding – AI and ChatGPT will not have contextual understanding. They likely will not be able to recognize nuances in financial data that human forensic accountants can.

* Limited transparency – The inner workings of algorithms are unique and highly specialized. This makes it difficult for accountants to understand how they arrive at their conclusions.

* Data quality – AI and ChatGPT require high-quality data to function properly. If the input data is incorrect or incomplete, the output may be inaccurate.

* Security risks – The use of AI and ChatGPT could increase the risk of cyberattacks and data breaches, potentially exposing sensitive financial information.⁶

Real-World Uses

One potential use of ChatGPT may be in financial statement analysis.⁷ Financial statements contain key information for forensic accountants regarding a company's financial performance. For larger and more complex companies, a financial statement analysis can be time consuming. Specifically, ChatGPT can generate in-depth reports by pulling in information from balance sheets, income statements, and other financial statements.⁸ However, it is important to note that while ChatGPT-3.5 (the current version available for free) is extraordinary in its capabilities, it is still in the development stages and not without errors.⁹ ChatGPT is advancing quickly, though. ChatGPT-4.0, which can be accessed with a subscription, is already significantly more advanced than the prior version.¹⁰

AI can be used to analyze financial data and identify potential issues, such as inconsistent financial ratios or potentially fraudulent activity, but it is not limited to financial information. Algorithms can be trained to pick up data used in managers' reports, emails, correspondence, and other textual forms. While ChatGPT can perform the aforementioned tasks, it should not be blindly relied upon.

While ChatGPT can assist with certain aspects of accounting, it cannot fully replace the CPA's expertise and judgement. Accounting requires a deep understanding of ac-

counting principles, standards, legal frameworks and techniques, as well as critical thinking and analytical skills.

AI and ChatGPT are great tools for automating accounting tasks, but technologies are only as effective as the data they are trained on. There is no guarantee they will be able to capture all of the information correctly. Complex transactions involving human interference, such as deception or manipulation, can hinder the technologies' ability to capture data.

Forensic accounting involves interpreting complex financial data and analyzing information in the context of legal or regulatory requirements. This level of knowledge and response requires human expertise and judgement, including the ability to communicate complex financial information in a way that can be understood.

Forensic accountants must also remember that they may ultimately be called to testify on their findings. Your work and the underlying methods used will still have to stand up to scrutiny in a court of law. AI may be of assistance but cannot replace the manner in which you conduct your work.

1 <https://openai.com/blog/chatgpt>

2 www.wellybox.com/blog/chatgpt-hacks-for-financial-professionals

3 <https://internalauditor.theiia.org/en/articles/2023/february/everyones-talking-about-chatgpt>

4 <https://corporatefinanceinstitute.com/resources/elearning/finance-chatgpt>

5 <https://pdf.wondershare.com/chatgpt/chatgpt-for-accounting.html#Part0>

6 www.pcmag.com/news/chatgpt-users-report-seeing-other-peoples-conversation-histories and www.sans.org/blog/openai-chatgpt-special-broadcast-qa

7 www.linkedin.com/pulse/appreciating-chatgpts-role-forensic-advisory-services

8 <https://hesfintech.com/blog/how-to-use-chatgpt-for-finance-business>

9 https://digitalcommons.bucknell.edu/cgi/view-content.cgi?article=3042&context=fac_journ

10 www.pcmag.com/news/the-new-chatgpt-what-you-get-with-gpt-4-vs-gpt-35

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Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

The College SAVE Plan (College SAVE) is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. Ascensus Broker Dealer Services, LLC ("ABD"), the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of College SAVE, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed, and you could lose money by investing in College SAVE. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

12276001111 ES ND 0422



ETHICS CORNER

The Case of the Lamb to the Slaughter

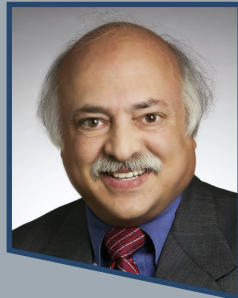
Pascal Lamb, CPA, is a partner at Lamb, Shank and Bohn CPAs in Kildeer, North Dakota. Pascal has become an expert in business risk consulting. His firm's largest audit client, Venison Industries in Kildeer, an \$80,000,000 sales company, hired Pascal to do business risk consulting. Pascal developed a risk plan and management wants him to present it to the Board of Directors on behalf of management.

Q: Any issues with this?

A. Yes. If Pascal presents on behalf of management, independence is impaired (See ET 1.295.125)

Charles Selcer, CPA

Charles Selcer, CPA, has over 30 years of audit and business consulting experience. His areas of specialization include audits of distribution companies, SEC registrants, not-for-profit organizations & charities, including organizations subject to Circular A-133.



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University of North Dakota has a resource called the Freeman Professional Closet through which they accept donations of new or gently used professional clothing items that they give to Nistler students to keep to build their work wardrobes. If any members have donations of suits, blouses, button-ups, etc., that they'd like to donate, they can either be sent to UND Nistler College or if local, UND will pick up locally.

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House Bill 1158

On April 28, 2023, Governor Burgum enacted a major tax relief package into law. House Bill 1158 provides a combined \$515 million in savings for taxpayers of state individual income tax and local property tax over the next two years. The bill builds on the largest income tax relief package in state history, which was passed during a special legislative session in 2021.

Commissioner Kroshus called the bill a “significant win for North Dakota taxpayers.” In addition, he believes the plan provides meaningful relief to the state’s lower-income earners and retirees on fixed incomes, helping everyday citizens and hard-working families.

The changes will result in an estimated \$104 million in savings for the zeroed-out bottom bracket, \$178 million in savings for the combined middle-income brackets and \$76 million in savings for the combined top brackets. The remaining \$157 million in the package will be provided as property tax relief in two ways: \$103.2 million will be available to homeowners by allowing them to claim a property tax credit of up to \$500 on their primary residence, and \$53.5 million will be provided by expanding the eligibility requirements and maximum reduction for the state’s Homestead Property Tax Credit program for homeowners 65 and older. The Office of the State Tax Commissioner is in the process of implementing this new tax law. More information will be released on the new tax credits, closer to property tax deadlines and the 2024 tax season.

Income Tax Withholding Rates

Due to rate changes affected by HB 1158, the Office of State Tax Commissioner released the updated North Dakota income tax withholding rates and instructions booklet for employers. The information reflects the reduction in income tax rates passed by the 2023 Legislature.

Employers are not required to adjust the state withholding for paychecks issued after the release of the updated information. However, Commissioner Kroshus encourages employers to use the revised withholding tables going forward for the remainder of 2023.

Taxpayers making estimated tax payments may also adjust their payment amount based on the new reduced tax rates. Revised estimated tax forms for individuals, estates and trusts and fiduciary estimated payments were also released by the agency.

IRS Government Liaison

The IRS has named Lora Chesnut as their new governmental liaison. She replaces Rick Miller after his retirement this Spring. Chesnut has stated she has a strong passion for customer service and is grateful for her new role. Her background includes more than a decade of federal government experience including working as a Revenue Agent with the Small Business/Self Employed Business Unit, as a senior coordinator with the SB/SE’s Midwest Area Planning and Special Programs and as a technical advisor with the Office of Safeguards.

The Office of the State Tax Commissioner is looking forward to partnering with her on future tax projects. Chesnut is originally a Minnesota native, and is currently based out of St. Paul, M.N.

Publications

The Office of State Tax Commissioner will publish three online reports in the summer of 2023.

Biennial Report

This includes the agency’s Biennial Report. This report covers net collections of sales, income and property tax, comparative statements and information about the agency.

The last Biennial Report was published in 2021, post legislative session.

Legislative Tax Newsletters

The agency will also release two newsletters that detail a summary of bills passed by the 2023 Legislative Assembly that affect North Dakota tax laws. This includes the Sales and Special Taxes Newsletter and the Income Tax Newsletter.

All publications can be accessed at tax.nd.gov under the news center tab.

Brian Kroshus
Tax Commissioner



This newsletter is published bimonthly by the North Dakota CPA Society.

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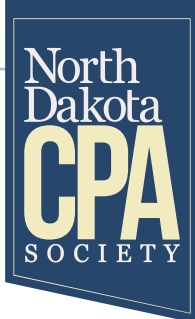
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