A MEMBER OF NASBA

Mississippi State Board of Public Accountancy

Message from Executive Director, Ransom C. Jones, Jr., CPA

The Board Members, Board staff and I appreciate the cooperation of CPAs and firms in reporting CPE online (99% compliance) and with the Board's Data Capture Project (90% compliance).
In this issue among other things, you will find information about the following important matters:

Article by Board Chair Rick Elam, Ph.D., CPA and Vice Chair Jim Burkes, CPA on AICPA Ethics Interpretation 101-3
The article discusses the Independence Requirements of AICPA Ethics Interpretation 101-3 regarding the performance of non-attest services.

PROPOSED CHANGES TO BOARD RULES AND REGULATIONS
This article summarizes the proposed changes to Board Rules and Regulations, scheduled to take effect in 2015.

DATA CAPTURE PROJECT
The Final Deadline for Individual Licensees and CPA Firms to log on to the Board's secure web portal and enter requested data, is October 31, 2014. A Final Notice was sent October 3, 2014, by email, or mail where email addresses were not available.

ONLINE CPE REPORTING
The Board office has received numerous positive comments from licensees about online CPE Reporting. As of October 1, 2014, only about 50 of the approximately 3,960 people holding active CPA licenses have not reported CPE online as required. The final deadline to report CPE to the Board for the compliance period ended June 30, 2014, is October 31, 2014. A Final Notice was sent October 3, 2014.

MSBPA Licensing and Reporting System (LARS)
Online annual renewals of CPA licenses, which were optional in 2012 and 2013, will be required for Calendar Year 2015. The Board is adding and requiring online 2015 renewal of CPA firm permits, CPA-Retired Status, and CPA exam applications. These online forms will be available later this fall.

Thanks again to MSBPA Board Members and staff members for their hard work on the new Board Licensing and Reporting System (LARS). Please contact the Board office if you have any questions about these matters.

Sincerely,

Ransom C. Jones, Jr.

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BOARD SCHEDULE FOR 2014

BOARD MEETINGS

NOV 14, 2014	10:00 A.M.
DEC 12, 2014	8:30 A.M.

CPA PRESENTATION CEREMONY

NOV 15, 2014	10:00 A.M.

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NONATTEST SERVICES AND PEER REVIEW

By Board Chair Rick Elam, Ph.D., CPA and Vice Chair Jim Burkes, CPA

When performing compilation, review and accounting services for clients, Mississippi CPAs in public practice should be familiar with the independence requirements of AICPA Ethics Interpretation 101-3 regarding the performance of nonattest services. The most common nonattest services detailed in the Interpretation are bookkeeping, payroll processing, employee benefit plan administration, and financial consulting or advisory. Independence is generally impaired when a CPA becomes an advocate for their client or assumes management responsibilities when performing nonattest services.

The information provided by this article is extremely important for Mississippi licensees in public practice because the AICPA Peer Review Committee has instructed individuals and teams performing peer reviews in 2014 to be alert for the required documentation for nonattest services mandated by AICPA Ethics Interpretation 101-3. Documentation of nonattest services in accordance with the "General Requirements for Performing Nonattest Services" of Ethics Interpretation 101-3 is now being elevated to a serious practice concern/issue and licensees are encouraged to revisit their current practice procedures and documentation to make sure they are in compliance with Ethics Interpretation 101-3. The lack of appropriate documentation of nonattest services could have an adverse impact on a firms peer review report.

The general requirements of Ethics Interpretation 101-3 for a licensee to maintain his or her engagement independence in the performance of nonattest services for a client are as follows:

1. **A licensee should not assume management responsibilities for an attest client.**
2. **Before performing nonattest services, the licensee should determine that the client has agreed to:**
   - **a. Assume all management responsibilities.**
   - **b. Oversee the service, by designating an individual, preferably within senior management who possesses suitable skill, knowledge, and/or experience (SKE). The licensee should assess and be satisfied that such individual understands the services to be performed sufficiently to oversee them. However, the designated individual is not required to possess the expertise to perform or reperform the services.**
   - **c. Evaluate the adequacy and results of the services performed.**
   - **d. Accept responsibility for the results of the services.**
3. **Before performing nonattest services, the licensee must establish and document in writing, as required by SSARS 19, his or her understanding with the client regarding the following:**
   - **a. Objective of the engagement.**
   - **b. Services to be provided.**
   - **c. Client's acceptance of its responsibilities.**
   - **d. Licensee responsibilities.**
   - **e. Any limitations of the engagement.**

The general requirements discussed in #2 and #3 above do not apply to certain routine activities performed by the licensee, such as providing advice and responding to a client's question as part of the client-CPA relationship.

To avoid assuming management responsibilities when performing nonattest services for a client, the licensee should be satisfied that management will be able to meet all of the above criteria, make an informed judgment on the results of the nonattest services provided, and be responsible for making the significant judgments and decisions that are the proper responsibility of management. In situations in which the client is unable or unwilling to assume these responsibilities, then the independence of the licensee providing the nonattest services would be impaired.

As a practical matter, many firms in public practice have made the decision to add language to the standard compilation report for bookkeeping engagements that simply states, "We are not independent with respect to XYZ Company." This language, if acceptable to the client, negates the general requirement provision discussed in #2 above.

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Mississippi State Board of Public Accountancy

DATA CAPTURE PROJECT

The Mississippi State Board of Public Accountancy's online licensing and reporting system (LARS) is in development. System testing will continue in October with an estimated completion date scheduled for late November. An important part of the project was a requirement to get all licensees and firms to go online and enter certain required data.

Individual CPAs: In order to properly establish secure user accounts unique for all individual Mississippi licensees, the Board must have birthdates on record.

All Mississippi licensees and retirees must submit their birthdate to the Board no later than October 31, 2014. See instructions included in the Board letter mailed in late May and also online at the Board's website.

CPA Firms: In order to establish secure user accounts unique for all CPA firms holding a valid CPA Firm Permit issued by MSBPA, the Board must have specific firm data on record. The required information was detailed in the May 2014 Board letter, mailed to all firms.

All Mississippi CPA Firm Permit Holders/Contacts must log on and submit the requested firm data to the Board no later than October 31, 2014. See instructions included in the Board letter mailed in late May, and also online at the Board's website.

Link to Data Capture Portal

The following secure link allows you to logon securely and enter the required data:

https://www.msbpa.apps.its.ms.gov/DataCapture

Contact Information

Please call the Board office if you have any specific questions about the Data Capture Project or if you need help entering your data.
Telephone: 601-354-7320 or 601-354-7291
Email: email@msbpa.ms.gov or compliance@msbpa.ms.gov

Nonattest Services And Peer Review continued

Beginning on or after December 15, 2014, the following two important additions will be implemented in the existing Ethics Interpretation 101-3. Licensees should begin a review of their attest client files to measure the impact these changes might have on their current attest practice and reporting to determine if there are any potential client independence impairment issues.

1. Cumulative Effect of Nonattest Services on Independence

Before agreeing to perform nonattest services for a client, the licensee should evaluate whether the performance of multiple nonattest services in the aggregate creates a significant threat to the independence of the licensee that cannot be reduced to an acceptable level by the application of the safeguards contained in the general requirements of Ethics Interpretation 101-3. In this scenario, independence of the licensee would be impaired.

2. Activities Related to Attest Services

A licensee should exercise judgment in determining whether his or her involvement in an attest engagement has been so extensive that it would constitute performing a separate service that would be subject to the "General Requirements for Performing Nonattest Services" of Ethics Interpretation 101-3. For example, activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations are considered outside the scope of the attest engagement and therefore, constitute a nonattest service. Such activities would not impair independence provided the general requirements of Ethics Interpretation 101-3 are met.

Codification of the AICPA Code of Professional Conduct

All licensees need to familiarize themselves with the new codification of the AICPA Code of Professional Conduct. This codification is a major change to the way the Code will be used and referenced in the future. A new and unfamiliar numbering system replaces familiar references like Interpretation 101-3 with a new numbering scheme and a sophisticated online search tool to research ethics questions. For a starting point to learn more, see "Ethics made easier: How to use the revised AICPA Code of Professional Conduct," *Journal of Accountancy*, June 2014.

RULES & REGULATIONS

Proposed Board Rules Changes

At its meeting on September 19, 2014, the Board adopted proposed amendments to its rules discussed at the August 15, 2014 meeting. As required by state law, the entire text of these proposed rule changes will be posted with the Secretary of State's office, as well as on the Board's website. The rule changes cannot take effect until a minimum 25 day comment period has passed, with hearings granted to affected parties in the interim, if requested. The rule changes are not expected to take effect until January 1, 2015.

Below is a description of each proposed change:

Current ***Rule 1.2 Violations*** re-numbered as ***1.2.1.*** (Use of term certified).

New ***Rule 1.2.2*** will be added to define the use of standard AICPA (SSARS) language or deceptively similar language on compilations of financial statements by non-licensees as a violation of the Public Accountancy Act. Safe harbor language for use by non-licensees for such reports is included.

In ***Rule 2.5.1***, the requirements for Retired Status will be amended to delete the language while holding out as a CPA and to clarify the types of services the licensee should no longer be performing.

In ***Rule 2.5.2.***, the requirements for disability status will be amended to require a statement from the licensee's physician, not a notarized affidavit.

Rule 2.5.3., Retirement Status or Permanent Disability will be revised to be in agreement with new language in Rule 2.5.1.

Proposed changes for ***Definitions*** in Part 1, Chapter 10:

Holding out as CPA or CPA firm – will no longer refer to holding out to ***industry*** or ***government***, only the ***public.***

Resident Manager – will no longer require that the licensee's physical location be only at that office and not at any other location.

The **Schedule of Fees** will be revised to include a background screening fee. The Board has the right under current Rule 2.1.4.(b) to require applicants for licensure to submit to a Board initiated background and criminal check. It is anticipated that the background check and the corresponding fee would only apply to applicants seeking an initial CPA license, an initial reciprocal CPA license, and for reinstatement of a CPA license.

MSBPA Licensing and Reporting System (LARS)

The Board is implementing a new online, web based system called MSBPA Licensing and Reporting System (LARS). The project is scheduled to be completed later this year. After completion, the Board will require all applications, renewals, CPE reporting, and address/employment changes to be entered online through the MSBPA LARS System on the Board's website: http://www.msbpa.ms.gov.

Instead of completing and mailing a paper CPE Reporting Form, Annual CPA License Renewal Form, Firm Permit Renewal Form, CPA-Retired Form, or the Application for CPA Examination to the Board office with a check in payment of the fee, each licensee, firm, retiree or exam applicant will log on through the Board website and enter the CPE Reporting data, or renew the CPA license, firm permit, CPA-Retired status, or apply for the CPA examination. Any data keyed in will be securely transmitted, encrypted in the MSBPA LARS database, and stored on a secure State of Mississippi server.

Fees for CPA examination, CPA license renewals and late fees, initial CPA license, and reinstatement of CPA licenses (no fee required for firm permits or CPA-Retired status) will be processed by the online renewal/application system. Online payment processing will be handled by Mississippi Interactive (MSI) and will be by credit or debit card. You should be aware that making payments online is actually safer and more dependable than paying by mail. This system uses encryption technology to prevent unauthorized access to your confidential information.

All active licensees, firms, and persons holding CPA-Retired status were sent a Board letter in June 2014, containing a file/pin number to be used by the licensee/firm in logging on to their individual record or to enter CPE for the Compliance Period Ended June 30, 2014. The final deadline for entering the data or CPE is October 31, 2014. Failure to log on and enter the required data or CPE could result in Board discipline against a CPA license or firm permit.

If for some reason the software developer fails to deliver the online MSBPA LARS System to the Board by the end of 2014, as scheduled, then MSBPA Board staff will continue to provide the forms on the Board website as in prior years and/or will mail forms to licensees, firms, and retirees as needed.

If you have any questions about the online 2014 CPE Reporting Form, or how to enter required licensee or firm data online, please contact our office at 601-354-7291 or send an email query to: compliance@msbpa.ms.gov.

INVESTIGATOR'S CORNER

Peer Review Program Issues

In this article, we will discuss some of the basic requirements for peer reviews contained in Board Rules and some of the issues that have become problematic for firms and the Board.

Basic Requirements

When a practice unit (CPA firm) performs audits, reviews, compilations or other services defined in Board Rule 5.1, it must complete a peer review once every three years. Each new practice unit should enroll in a peer review program within one year of the performance of services requiring a peer review. In general, the initial peer review will be due 18 months from the year end (for audits) or from the report date (for certain other services). These due dates for the initial peer review are contained in the ACIPA Peer Review Program Standards (PRPS), which the Board has adopted as its minimum standards in Board Rule 5.6.1. A firm is allowed to enroll in a peer review program administered by its home state society and/or the national peer review program administered by the AICPA.

Timeliness of Peer Reviews

We encounter a few firms that have difficulty with meeting their peer review due date. Board Rule 5.3.2 reminds a firm of its responsibility ***to anticipate its needs for peer review services in sufficient time to enable the reviewer to complete the peer review by the assigned review due date.*** Pursuant to Rule 5.4, firms are required to file a copy of the peer review report and the final letter of acceptance from the sponsoring organization with the Board within 30 days of receipt. This can be accomplished electronically on a secure website where the sponsoring organization posts these documents for viewing only by authorized state Board personnel. The Board may consider and accept an extension of time, not to exceed 180 days, granted by the sponsoring organization, provided the Board is notified within 20 days of the date of the extension.

Type of Peer Review

Firms performing only services covered under the SSARS, mainly reviews and compilations, will require an ***Engagement Review.*** Those performing audits and similar attest services will require a more detailed ***System Review.*** These types of reviews are discussed in more detail in the PRPS.

Within a System Review, a firm may have certain types of audit engagements that **must be selected**. These audit engagements are listed in PRPS Interpretations and can be summarized as follows:

Governmental – in accordance with government auditing standards issued by the U.S. GAO.

Employee Benefit Plans – conducted in accordance with ERISA requirements.

Depository Institutions subject to the FDICIA, and

Carrying broker-dealers in securities.

While this article contains a fairly detailed discussion of the relevant subject matter, it should not be relied upon as a replacement for a thorough reading and understanding of the Board Rules and the PRPS and Interpretations. We are available to assist with explanations and interpretations of Board Rules should the need arise.

Online CPE Reporting Compliance Period Ending June 30, 2014

(Final Reporting Deadline is October 31, 2014)

If you have not already reported CPE for this compliance period, then you must log on through the MSBPA website using your Board File Number, which was sent to you by Board letter in June 2014. If you do not have that letter, please call the Board office at 601-354-7291 to ask for your file number. The secure logon link or URL of the MSBPA CPE Portal can be accessed by clicking here:
https://www.msbpa.apps.its.ms.gov/cpe

Instructions for Online CPE Reporting

1. Click the secure logon link or URL of the MSBPA CPE Portal listed above.
2. At the "CPA-Login" screen, enter your Board file number, CPA license number, and your first and last name. Then click on the "Submit" button.
3. The "Exemptions" page then opens: A) If you passed the last part of the CPA Exam between July 1, 2013, and June 30, 2014, and you hold an active CPA license, check the box by that exemption. B) If your primary employment is in another state and you hold an active CPA license there, check the box by that exemption, and email a copy of your other state's CPE Reporting Form to compliance@msbpa.ms.gov C) If neither "A" or "B" apply to you, then click "Save and Continue" at the bottom of the page.
4. The "Classes" page then opens: Enter the requested information for each CPE class you attended (between July 1, 2013, and June 30, 2014) by clicking on the "Add Class" button and typing the information. After the information for each class is entered, click on the "Submit" button, which will take you back to the "Classes" page. Then click again on "Add Class" to add additional classes. After you have entered all of the classes you attended, you must click on the "Save and Continue" button, located at the bottom of the page. (NOTE: Licensees who selected the "Other State" exemption do not have to add classes, and may just "Save and Continue." Licensees who selected the "New CPA" exemption need to add all CPE classes they attended.)
5. The "Hours Carried In" page then opens: Enter the total CPE hours carried in from prior reporting periods in the box indicated. If you do not have CPE hours carried in, then enter a "0" (zero) in the box. Then click on the "Save and Continue" button.
6. The "Review and Submit" page then opens: If you need to go back and add hours, or correct an entry, click on the "Back" button at the bottom of the page. If your reported hours are correct, then you must check the affirmation box at the bottom of the page. Before you submit your completed CPE Report to the Board, you may want to print a copy by clicking on the "Print" button. Last click on the "Submit" button at the bottom of the page to complete the reporting process.

Online CPE Reporting Compliance Period Ending June 30, 2014 continued

CPE Reporting Due Date

Your Online CPE Reporting at the Mississippi State Board of Public Accountancy CPE Portal was due on or before August 1, 2014. **Discipline Cases will be opened on all licensees who failed to complete the MSBPA Online CPE Reporting Form by October 31, 2014.** If you have a deficit, please proceed in completing the online CPE report, reporting the hours you did earn by June 30, 2014. Then call the Board office to ask for help with your CPE deficit problem.

Continuing Professional Education Requirements

The CPE compliance requirement for the twelve months ending June 30, 2014, is a minimum forty (40) CPE credit hours. Only twenty (20) hours of CPE credit hours carried-in may be applied to the 40 hour requirement. The other 20 hours must be earned in the current compliance period ("20 hour minimum rule"). Chapter 4 of the Rules and Regulations and the Board's website provide complete CPE compliance information.

Ethics CPE: Four (4) CPE credit hours in Ethics, Professional Conduct, Public Accountancy Law and Regulations [ethics] must be earned and reported for the triennial period July 1, 2013, through June 30, 2016. A minimum of one (1) of these ethics CPE credit hours must be in the Mississippi Public Accountancy Law, Rules and Regulations.

These ethics CPE credit hours must be Board-approved in order for a CPA to retain the credit. Any ethics hours previously reported to the Board as ethics CPE is deemed used and will not count toward hours carried-in to 2014. Ethics CPE, earned in the current period, but not approved by the Board, will not satisfy your ethics CPE requirement. In order to have hours qualify as ethics CPE, an approval request should be submitted to the Board by either the CPE sponsor or the individual CPA.

The Application for CPE Program Approval can be found at this link:

http://www.msbpa.ms.gov/Documents/Application%20for%20CPE%20Approval.pdf

The Board's listing of approved ethics CPE programs for the triennial period July 1, 2013, through June 30, 2016, can be found at this link:

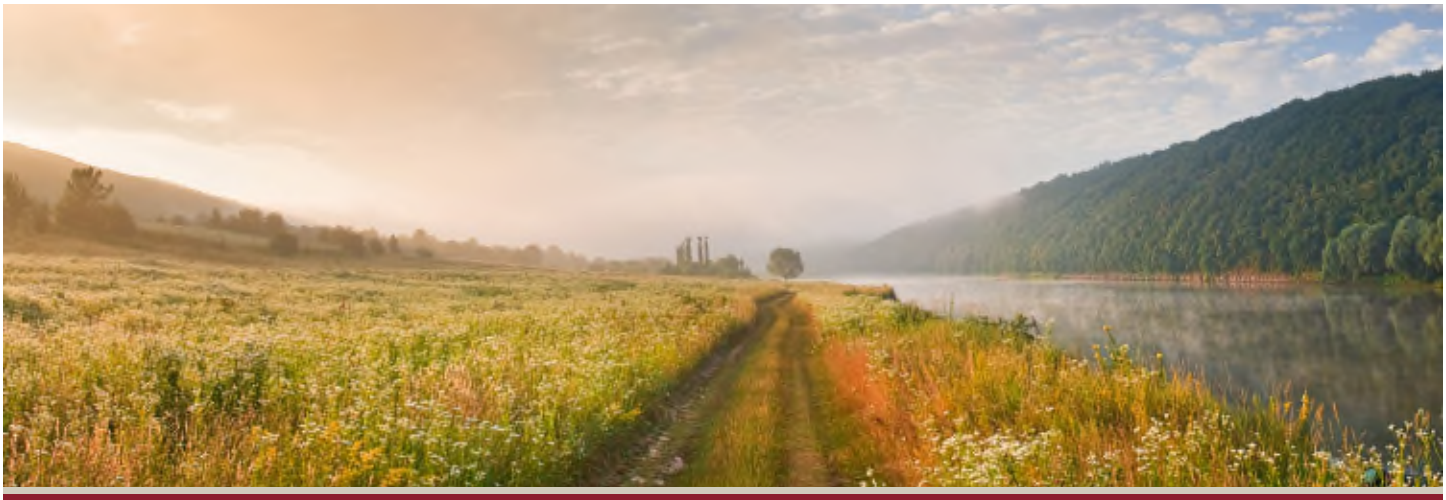
http://www.msbpa.ms.gov/Documents/2014%20to%202016%20Approved_Ethics_Courses.pdf

In accordance the Board Rules and Regulations, a CPA will not be permitted to register a license if not in compliance with the CPE requirements. In addition, a CPA must report CPE to the Board online even if the number reported is zero. A blank online CPE reporting form will be interpreted as zero CPE credit hours. Please be aware that a CPA who fails to complete and report the minimum CPE credit hours accrued during the applicable reporting period could be subject to Trial Board disciplinary action.

Contact Information

Please call the Board office if you have any specific questions about online CPE reporting or if you need help entering your CPE data.

Telephone: 601-354-7320 or 601-354-7291
Email: email@msbpa.ms.gov or compliance@msbpa.ms.gov



CPA LICENSES ISSUED

MAY 23, 2014	AUGUST 15, 2014	SEPTEMBER 19, 2014
NEW LICENSEES – ORIGINAL	**NEW LICENSEES – ORIGINAL**	**NEW LICENSEES – ORIGINAL**
William Douglas Carpenter, Jr. Richard Andrew Conrad Kevin Hunter Jackson Lydia L. Jefcoat Oscar Fernando Leal Justin James Mistal	Colby Daniel Bass Emily Joy Baughman Mitchell Clint Brown Katie Lynn Carona Eric Scott Casperson John Miller Dendy Nicholas Shaughnessy Dubuisson Jessica Mary Gallagher Mallory Nichole Jackson Michael Christopher Knox Matthew Neal Malone Joyce Marie Martinez Amanda Michelle Matson Jonathan Todd Merchant Clayton G. Moore Kayla Therese Rainey Ashley Galloway Smith John Samuel Stewart Robert McGahey Whitaker Robert David Zischke	Sabrina Gayle Baio Shaoqing Liu Kimberly Ann Lucius William David Mitchener William Seth Sligh Marian Rebecca Tillman Trent Forrest Yeatman Min Zhao
NEW LICENSEES – RECIPROCAL	**NEW LICENSEES – RECIPROCAL**	**NEW LICENSEES – RECIPROCAL**
Brenton Matthew Bright	Christopher Blake Barksdale Fatima Amanda Chase Kaitlin A. Dennis Leigh McGowan Ford	James Donald Feazell Christopher Lee Frierson Christopher Scott Griffith Alison Michelle Lombardo Cheyenne Casey McNeer
REINSTATED LICENSEES	**REINSTATED LICENSEES**	**REINSTATED LICENSEES**
Leigh Anne Duncan William C. Hammett	Charles A. Branch Phillip R. Brooks	Jack F. Burke, Jr.

Firm Permits Issued

MAY 23, 2014	AUGUST 15, 2014	SEPTEMBER 19, 2014
NEW FIRMS	**NEW FIRMS**	**NEW FIRMS**
Aldridge Firm, LLC Barksdale, Joe & Magee, PLLC Brawner, Vanstory & Co., PA Franks, Franks, Jarrell & Wilemon, PA Hudson, Cisne & Co., LLP Smith Marion & Co., LLP Strohm & Associates, Inc.	Charles A. Branch, CPA LLC Cone & Smith, PC Richard Conrad, CPA LLC DelBrocco & Associates, PLLC Hamlin & Company, PLLC Amanda Dawn Mathis, CPA Cora J. Peavie, CPA Sara S. Prewitt, CPA Watkins Ward and Stafford, PLLC (9 new office locations) Melissa G. Womack, CPA Beverly C. Winstead, CPA PA	Byerley, Payne & White, CPAs P.A. CliftonLarsonAllen, LLP DiPiazza LaRocca, Heeter & Co., LLC Pattie Grossman, CPA Henderson Hutcherson & McCullough Richard G. Vaughn, CPA
FIRM REINSTATEMENTS	**FIRM REINSTATEMENTS**	**FIRM REINSTATEMENTS**
None	Palazzo and Company, PLLC Donna O. Parmegiani, CPA LLC Michael L. Thompson, CPA PLLC	Jack F. Burke, Jr., CPA