

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
November 13, 2015**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on November 13, 2015, beginning at 10:00 a.m. The following record of that meeting was maintained.

Board Members Present

David E. Clarke, Chair
Angela L. Pannell, Secretary
Mark P. Peach
Willie B. Sims, Jr.
Jim E. Burkes
Rick Elam

Board Member Absent

David L. Miller, Vice Chair

Board Staff Present

Ransom C. Jones, Executive Director
Andy Wright, Board Investigator
Lane McNeal, Administrative Assistant

Legal Counsel Present

Onetta Whitley, Deputy Attorney General
Bridgette Wiggins, Special Assistant Attorney General, Hearing Officer

Others Present

Dan Dustin, NASBA, VP State Board Relations
Court Reporter - Katie Lusk, Brooks Court Reporting

I. General

1. The Board opened the meeting with an invocation from Jim Burkes.
2. The Board members unanimously approved the minutes from the September 18, 2015 meeting.
3. The Board members signed the CPA certificates of licensure from the September 2015 meeting.
4. The Board set next and tentative meeting/activity dates for 2015 and 2016:

November 14	CPA Ceremony
December 11	8:30 a.m. Board Meeting
January 29, 2016	8:30 a.m. Board Meeting

II. National Regulatory Concerns

1. Dan Dustin, NASBA VP State Board Relations, gave a NASBA update report.
2. The Board heard a report from the members attended the NASBA Annual Meeting, October 25-28, 2015.
3. The Board noted the NASBA *State Board Report*, September 2015.
4. The Board noted the NASBA *State Board Report*, October 2015.
5. The Board noted a letter dated October 7, 2015, from William Treacy, Executive Director of Texas Board, to Ian Dingwall, Chief Accountant, Employee Benefits Security Administration, DOL.
6. The Board noted a NASBA letter dated October 23, 2015, in response to AICPA *Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination*.
7. The Board noted the NASBA publication: *Highlights of the Board of Directors Meeting October 23, 2015*, Dana Point, CA.
8. The Board reviewed the NASBA Executive Summary of Regional Directors' Focus Question Responses.
9. The Board reviewed the NASBA Regional Directors' Report – Written responses to focus questions from Member Boards Between July 30, 2015 and October 5, 2015.
10. The Board discussed the NASBA/AICPA Exposure Draft: Proposed Revisions to AICPA/NASBA Uniform Accountancy Act and NASBA Uniform Accountancy Act Rules a Section 6(d) and Rules 6-7 (“Retired – CPA). The Board discussed looking at the current MSBPA retired rule and possibly sending a Board letter about the proposed change in the Exposure Draft to NASBA/AICPA. No action was taken.

III. Administration

1. The Board reviewed the Balance Sheets, Funds 3845 and 3850, as of November 12, 2015.
2. The Board reviewed the FY2016 Budget to Actual Comparison – Fund 3845, Four Month and Twelve Day Period, ended November 12, 2015.
3. The Board reviewed the Statement of Revenues and Expenditures, Fund 3845, for the Four Month and Twelve Day Period, ended November 12, 2015.
4. The Board discussed the status of the Online MSBPA IT Projects.

IV. CPA Examination, Licensing & Firms

1. The Board members unanimously accepted the listing of 113 candidate applications for the computerized examination (20 initial, 93 reexam) received since the September meeting.
2. The Board reviewed and approved two special consideration requests from initial candidate #13913 and #13930.
3. The Board members present unanimously acted upon the applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits as presented herein:

Applications for Original CPA License

File	Name	Number	Action
12902	John Payne Corhern	7162	Yes
13590	Ragan Hayward	7163	Yes
13274	Lotis Yvette Johnson	7164	Yes
13455	Angela Lynn Lovorn	7165	Yes
13523	Nisha Patel	7166	Yes
13574	Sarah Catherine Pinarci	7167	Yes
13730	Melissa Pigott Poole	7168	Yes
13550	Huan Qiu	7169	Yes
10003	Jennifer Ann Richards	7170	Yes
13438	Sarah Abigail Scarbrough	7171	Yes
13634	Xuan Song	7172	Yes
13514	Spencer N. Sublett, III	7173	Yes

Applications for Reciprocal CPA License

File	Name	Number	Action
13903	John Adkins James	R7174	Yes
13915	Olivia Janaye James	R7175	Yes
13908	Sarah Stanford Kimbrough	R7176	Yes
13911	Clark McKee Shearer	R7177	Yes

Applications for Reinstatement of CPA License

File	Name	Number	Action
08334	Dennis G. House	R2436	Yes

IV. CPA Examination, Licensing & Firms (continued)

3. Applications (continued)

Applications for CPA Firm Permit to Practice

Name	City, State	Number	Action
Svadlenak, See & Company, P.C.	Houston, TX	7157	Yes
Dennis G. House, P.C.	Biloxi, MS	7158	Yes
Templeton & Company, LLP	West Palm Beach, FL	7159	Yes
Thames CPA Firm, PLLC	Hattiesburg, MS	7160	Yes
Thrasher & Associates, CPA, PLLC	Brandon, MS	7161	Yes

4. The Board approved two New License Applicants to attend the New CPA Ceremony on November 14, 2015.
5. The Board members took the following actions related to requests for amendments to the 2015 CPE compliance requirements and granted extensions to the following:

<u>Name</u>	<u>Number</u>	<u>Total Hours</u>	<u>Extension Date</u>
Gary Anderson	3244	18	12/31/2015
James Browning	1677	6	11/30/2015
Judy Dukeminier	4075	1	11/30/2015
Donna Dunn	4490	12	11/30/2015
James Franklin	R1984	6	11/30/2015
Betsy Gee	5674	1	11/30/2015
John Guitreau	5907	55	11/30/2015
George Montjoy	5074	60	11/30/2015
Stacy Orman	5395	57	11/30/2015
Sherman Pounds	4428	6	11/30/2015
Danial Smith	3856	24	11/30/2015
Kathryn Taylor	6306	3	11/30/2015
Kevin Welch	4527	12	11/30/2015
Carla Reeves	3682	20	3/31/2016
Robert Zischke	6393	9	11/30/2015

IV. CPA Examination, Licensing & Firms (continued)

6. The Board members unanimously approved requests from CPAs for waivers of the 2015 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2016 as follows:

<u>Name</u>	<u>Number</u>
Charles Barrett	1663
James Black	1254
Erroll Broussard	R1849
Patricia Byrum	4899
Dexter Gullledge	1379
Charles Harmond	1218
Billy Holifield	3019
Jacqueline Jones	1620
Lois Senger	4913

7. The Board reviewed a listing of voluntary cancellations made by CPAs and CPA Firms requested during the 2015 CPE reporting period:

<u>Name</u>	<u>Number</u>
Michael Nix	R1867

<u>Firm Name</u>	<u>Firm Number</u>
Michael W. Nix, CPA	F0566
Craig Shaffer & Associates, LTD	F1707

8. The Board tabled a request from CPA #6229 for a CPE Waiver due to illness.
9. The Board discussed the November 14, 2015, CPA Ceremony.

V. Continuing Professional Education

1. The Board members present unanimously authorized the following actions on CPE sponsor programs applications submitted for approval.

Sponsor/Title	Dates	Hours	Action
Alexander, Van Loon, Sloan, Levens & Favre, PLLC 1. 16th Annual Tax Update	11/16/15	8	Yes
Auburn University School of Accountancy 1. Accounting & Auditing Summit	4/29/16	8	Yes
Department of Revenue 1. Ethics, including FTI Confidentiality	7/21/15	2 General Ethics	Yes
Division of Business Services/MSU 1. 2015 Annual Income Tax Course	12/7-8/15 12/8-9/15 12/10-11/15	16 inc. 2 General Ethics	Yes
Gulf Coast Association of Government Accountants 1. Compliance and Fraud Prevention in Government Funded Programs	11/11/15	1	Yes
MAPA 1. Gear Up Health Care Reform 2. Gear Up Business Entities 3. Gear Up Individual Income Tax	9/30/15 10/1/15 12/3-4/15	8 8 16	Yes Yes Yes
MidSouth Institutes of Accountancy (Dr. Booker) Fall 2015 MSIA CPE Seminars For Accountants 1. A&A Seminar 2. Ethics (morning) 3. Tax(Afternoon)	12/4/15 12/11/15 12/11/15	8 4 Ethics (3 General 1 Rules) 4	Yes Yes Yes
Millsaps College and Rogers & Associates, LLC 1. Commercial Real Estate Investment Seminar	5/10-11/16	16	Yes

V. Continuing Professional Education (continued)

1. Sponsor Applications (continued)

Sponsor/Title	Dates	Hours	Action
Mississippi Rural Health Assn. 1. 20th Annual Mississippi Rural Health Assn. Conference	11/4-6/15	10	Yes
Nail McKinney Professional Association 1. Accounting Update	9/16/15	8	Yes
Office of the State Auditor 1. Agency Financial and Federal Audit Training	8/27-28/15	12.5	Yes
Ole Miss School of Accountancy 1. Mississippi Ethics Professional Conduct, Public Accountancy Laws and Regulations	10/22/15	1.5 Ethics Rules	Yes
Silas Simmons 1. Accounting & Auditing Update 2. Annual Tax Update	11/16/15 12/11/15	8 8	Yes Yes
Social Security Administration 1. Social Security for CPAs	12/9/15 12/18/15	2	Yes
The University of Alabama 1. 69th Annual Federal Tax Clinic	11/19/15	16.5	Yes

2. The Board members present unanimously authorized the following actions concerning CPE request from individuals.

Sponsor/Title	Dates	Hours	Action
Dr. Kevin Ennis Allied Academics International Conference 1. Volume 20, Number 1, ISSN 1948-3147 of Paper titled Extension Threats From IRC(r) and The Affordable Care Act – What Does the Future Hold for Health Care Organizations?	Published Document	4	Yes

VI. Rules and Regulations

1. The Board discussed status of proposed changes to MSBPA Accountancy Statutes. The Chair of the Rules and Regulations Committee directed Board staff to prepare and send to the Committee a revised summary of the proposed changes adopted by the Board with clean and marked-up copies.
2. The Board discussed the proposed wording of Statute 73-33-12(2). The Board approved the proposed wording as amended.
3. The Board voted for final adoption (with non-substantive corrections) of proposed change to MSBPA Rules and Regulations:

Amendment to Rule 9.1.3. – adds paragraph to the existing rule
To describe the Board’s process and response time allowed related
to public records requests. Added correction of error in Board web address.
Also moved the paragraph containing Board contact information to end of the
section.

4. The Board discussed a proposed change to Statute 73-33-18, but took no action.
5. The Board reviewed and discussed proposed change to Statute 73-33-2 (a):
 - Current and Marked-up version of statute
 - UAA Section 3 definition of attest
 - Handout from MSCPA_AICPA giving background information on UAA definition of “attest.”

After discussion the Board approved a motion to adopt the proposed change to this statute.

6. The Board discussed the proposed wording of Statute 73-33-5(c), related to the number of collegiate-level semester hours required for an applicant to sit for the CPA Examination in this state. Committee Chair Peach then made a motion to approve the proposed change to the statute as revised and Jim Burkes seconded the motion. After discussion, the motion to approve the proposed wording was approved by a Board vote. Board Members voting FOR the motion: Clarke, Pannell, Burkes, Peach, and Sims. Board Member Elam voted AGAINST the motion. Board Member Miller was absent. The proposed wording as adopted by this vote is attached to these minutes as Rules and Regulations EXHIBIT 1.

VI. Rules and Regulations - EXHIBIT 1.

§ 73-33-5(c)

As currently worded:

To set the fees and to regulate the time, manner and place of conducting examinations to be held under this chapter. Beginning February 1, 1995, a total of one hundred fifty (150) collegiate-level semester hours of education including a baccalaureate degree or its equivalent at a college or university acceptable to the board shall be required in order to sit for the examination by candidates who have not previously sat for the examination. The education program shall include an accounting concentration or the equivalent as determined by the board to be appropriate by rules and regulations. The examination shall cover branches of knowledge pertaining to accountancy as the board may deem proper;

Proposed new wording:

Clean:

To set the fees and to regulate the time, manner and place of conducting examinations to be held under this chapter. To be admitted to the examination, a candidate must have completed a baccalaureate degree of at least one hundred twenty (120) collegiate-level semester hours of education or its equivalent at a college or university acceptable to the board. The education program shall include an accounting concentration or the equivalent as determined by the board to be appropriate in its rules and regulations. The examination shall cover branches of knowledge pertaining to accountancy as the board may deem proper. A total of one hundred fifty (150) collegiate-level semester hours of education shall be required before the board shall accept an application for a certified public accountant license under this chapter;

Marked-up:

To set the fees and to regulate the time, manner and place of conducting examinations to be held under this chapter. To be admitted to the examination, a candidate must have completed a baccalaureate degree of at least one hundred twenty (120) collegiate-level semester hours of education or its equivalent ~~Beginning February 1, 1995, a total of one hundred fifty (150) collegiate-level semester hours of education including a baccalaureate degree or its equivalent at a college or university acceptable to the board shall be required in order to sit for the examination by candidates who have not previously sat for the examination.~~ The education program shall include an accounting concentration or the equivalent as determined by the board to be appropriate by in its rules and regulations. The examination shall cover branches of knowledge pertaining to accountancy as the board may deem proper. A total of one hundred fifty (150) collegiate-level semester hours of education shall be required before the board shall accept an application for a certified public accountant license under this chapter;

VII. Regulatory Matters

The Board heard a report from Investigator Andy Wright and approved the regulatory activities from September 18, to November 13, 2015:

Activity	Number
Cases Opened	114
Cases Closed ①	91
Cases referred to Members ②	23
Total Cases Open- End of Period	37

① *Cases Closed:*

Case 2015.10 was opened May 27, 2015, based on Board staff's receipt of a referral from a neighboring state's Board of Accountancy that had reviewed a financial statement and report submitted to their state board of contractors in 2015. The Mississippi CPA firm's review report on the financial statements did not conform to AICPA SSARS standards. Our Board staff contacted the Mississippi Board of Contractors and obtained copies of similarly deficient review reports received by them from this CPA firm in 2011 and 2015. The CPA firm had not disclosed any work requiring peer review on firm permit renewals since 2011. After an informal conference, the CPA firm agreed to a consent order with practice restriction conditions and a civil penalty and cost recovery. This discipline order was approved by the (Trial) Board on September 18, 2015 and the penalty and cost amounts were remitted to the Board on October 6, 2015.

Cases 2015.150 through .160 (11 cases) were opened based on Board staff's receipt of requests for CPE extensions from the licensees. Cases were closed without discipline based on the Board's approval of the extensions.

Cases 2015.161 through .172 (12 cases) were opened based on Board staff's receipt of requests for exemption from CPE requirements. There were 5 requests based on pending retirement of licenses and 7 requests based on cancellation of licenses. Cases were closed without discipline based on the Board's approval of the exemptions.

Various Cases in the range 2015.60 through .149 (90 cases) were opened based on non-receipt of a CPE reporting form for the year ended June 30, 2015 from these licensees. Of the 90 cases opened, 67 cases were closed without discipline based on receipt of a completed CPE form with sufficient hours on or before November 6, 2015.

② **Cases Referred to Members:** The above referenced unresolved or pending resolution CPE cases (23 out of 90) were assigned to Angela Pannell.

VIII. Trial Board

1. The Board discussed the Appeal of the Order of Revocation filed August 18, 2015, by Respondent's lawyer in the Circuit Court of Hinds County, MS, with regard to CPA License #5356, and Firm Permit #F1207. The Board attorney filed Motion to Dismiss the Appeal on September 14, 2015. That Court will hold a hearing December 17, 2015, to consider the motion.

2. At 10:30 a.m., the Angela Pannell Investigative Committee requested Board approval of Stipulation and Consent Orders related to CPE Deficiencies for Case #'s 2015.72, 2015.80, 2015.81*, 2015.88*, 2015.109*, 2015.113*, and 2015.136 which involved licensees not reporting CPE until after September 10 deadline and reporting deficient hours. The orders will not be considered discipline and require deficient hours plus 50% penalty be obtained by November 30, 2015 and payment of cost recovery of \$250.00. As the signed orders had not yet been received on cases marked with * above by November 13, 2015, the Investigative Committee requested Board approval of all orders, subject to receipt of signed orders. For any signed orders not received by November 19, 2015, the licensee will be noticed for a December Trial Board Hearing. The Board then approved the motion. Angela Pannell was recused as the Investigative Board Member.

3. At 10:45 a.m. Board Attorney Onetta Whitley recommended a motion for a continuance on Case 2015.117, for CPA License 5356, as requested by the attorney for the licensee. This licensee was accused of alleged noncompliance with 2015 CPE requirements and failure to respond to Notices of Hearing and Complaint. A Motion to Grant a Continuance in the matter was made, seconded, and approved by the Board. Angela Pannell was recused as the Investigative Board Member.

Administrative Trial Board hearings were then held concerning complaints related to five (5) CPAs alleged noncompliance with 2015 CPE requirements and failure to respond to Notices of Hearing and Complaint. Angela Pannell was recused as the Investigative Board Member.

A motion by Board Attorney Onetta Whitley for consolidation of the cases was granted by the Hearing Officer.

VIII. Trial Board (continued)

The following five complaints were consolidated for hearing purposes:

<u>Complaint Nos.</u>	<u>License Nos.</u>	<u>Response (Receipt Proof)</u>
2015.66	R3053	None (USPS Green card)
2015.90	R2273	None (USPS Green card)
2015.107	1347	None (USPS Green card)
2015.110	5535	None (#)
2015.114	R3416	None (USPS Green card)

USPS online tracking indicates deliveries were attempted on October 24th or 26th, no authorized recipient was available – notice left.

Within the Trial Board the Board heard evidence from Andy Wright, CPA Investigator, concerning the respondents’ failure to comply with the CPE requirements for the fiscal year ended June 30, 2015, and failure to respond to Board written communications related thereto. Legal and proper notice was delivered to the above respondents at their address of record. None attended the hearing.

Following discussion and the administrative Trial Board hearing, and upon motion by Jim Burkes with second from Willie Sims, the Board unanimously voted to close the meeting for the limited purpose of considering whether or not they had a proper subject matter to go into Executive Session.

In the closed meeting the Board determined that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of Trial Board orders that could be appealed.

Accordingly, the Board reopened the closed meeting and upon motion by Willie Sims with second from Rick Elam, voted to go into Executive Session for the purpose set forth above. Having announced this stated purpose the Board then entered into Executive Session for this specific purpose.

Within the Executive Session, the Board took the following actions:

The Board determined that the five respondents had indeed violated Chapter 4 of the Board Rules and Regulations as charged and voted to revoke the respondents CPA licenses. The Board determined to assess the respondents a fine (civil

VIII. Trial Board (continued)

penalty) of \$250 in addition to a fee to recover investigative, legal, and hearing costs and of this matter which was determined to be \$410. The total assessment of \$660 is to be paid by check or money order within thirty days of the Trial Board order. Votes were - For: Willie Sims, Jim Burkes, Rick Elam, David Clarke, Mark Peach; Against: None; Absent David Miller, and Recused: Angela Pannell.

Upon the conclusion of this business and upon motion by Willie Sims with second by Mark Peach, the Board members present unanimously voted to come out of Executive Session and resumed the open meeting.

The Board came out of Executive Session and resumed the open meeting by announcing the actions and votes it had taken in Executive Session.

Upon conclusion of Trial Board business, the Board adjourned as Trial Board.

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member