

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
September 18, 2015

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on September 18, 2015, beginning at 8:30 a.m. The following record of that meeting was maintained.

Board Member Present

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

Board Staff Present

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

Legal Counsel Present

Onetta Whitley, Special Assistant Attorney General

Others Present

Ed Jones, Advisory Board MSCPA
Bill Felder

I. General

1. The Board opened the meeting with an invocation from Willie Sims.
2. The Board members unanimously approved the minutes from the August 14, 2015 meetings.
3. The Board members signed the CPA certificates of licensure from the August 2015 meeting.
4. The Board set next and tentative meeting/activity dates for 2015 and 2016:

October 25-28	NASBA Annual Meeting, Dana Point, CA
November 13	10:00 a.m. Board Meeting
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. The Board noted the NASBA *State Board Report*, August 2015.
2. The Board members noted the NASBA *Regional Directors' Focus Questions* due October 5, 2015.
3. The Board members noted an email dated September 1, 2015, about the *Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination*.
4. The Board members discussed an AICPA letter dated September 1, 2015, requesting responses to the *Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination*.
5. The Board noted the executive summary of *Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination*.
6. The Board noted a letter dated August 28, 2015, from Ian Dingwall, Chief Accountant, U.S. Department Of Labor, Employee Benefits Security Administration, Regarding the DOL assessment of the quality of audit work performed by CPAs.

III. Administration

1. The Board reviewed the Balance Sheets, Funds 3845 and 3850, as of September 9, 2015.
2. The Board reviewed the FY2016 Budget to Actual Comparison – Fund 3845, Two Months and Nine Day Period, ended September 9, 2015.
3. The Board reviewed the Statement of Revenues and Expenditures, Fund 3845, for the Two Months and Nine Day Period, ended September 9, 2015.
4. The Board reviewed the FY2016 Detailed Proposed Travel Budget.
5. The Board discussed the MS Joint Legislative Budget Committee Memorandum dated July 15, 2015, which required agencies to publish FY2017 Budget Request on agency website.
6. The Board noted the MSBPA website link to FY2017 Budget Request.
7. The Board noted the MS Legislative Budget Office email dated May 1, 2015, which required submission of supplemental revenue information to that office.

III. Administration (continued)

- 8. The Board noted the MSBPA Agency Revenue Source Report – FY15 Data.
- 9. The Board noted the MSBPA 5 Year Strategic Plan for the Fiscal Years 2017-2021.
- 10. The Board discussed MSBPA IT projects.
- 11. The Board approved one per diem day for David Miller (Case 2015.10).

IV. CPA Examination, Licensing & Firms

- 1. The Board members unanimously accepted the listing of 30 candidate applications for the computerized examination (7 initial, 23 reexam) received since the August meeting.
- 2. The Board reviewed and approved a special consideration request from initial candidate #13885.
- 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
13566	Christie Marie Allen	7144	Yes
13708	Daniel Michael Arminio, Jr.	7145	Yes
13588	Andrew Duran Fox	7146	Yes
13528	Frank Taylor Phillips	7147	Yes
13651	Braden Allen Reeves	7148	Yes
13469	Chelsea Caul Williams	7149	Yes

Applications for Reciprocal CPA License

File	Name	Number	Action
13895	Debra Levine Baldinger	R7150	Yes
13896	Billie Jean Cary	R7151	Yes
13890	Mitchell Lee Cox	R7152	Yes
13898	Cynthia A. Dopjera	R7153	Yes
13897	Kevin C. Horton	R7154	Yes
13891	Michelle Moake Tabor	R7155	Yes
13893	Gregory Paul Tapis	R7156	Yes

IV. CPA Examination, Licensing & Firms (continued)

3. Applications (Continued)

Applications for Reinstatement of CPA License

File	Name	Number	Action
11443	Mark A. Vines	5737	Yes
00451	Larry O. Horn	3834	Yes

Applications for CPA Firm Permit to Practice

Name	City, State	Number	Action
Michael Todd Crowley, CPA PLLC	Vicksburg, MS	7137	Yes
Doeren Mayhew & Co., PC	Troy, MI	7138	Yes
Rycki Haas, CPA	Diamondhead, MS	7139	Yes
KHA Certified Public Accountants dba KHA Accountants and Advisors, PC	Flower Mound, TX	7140	Yes
O'Conner Davies, LLP	Harrison, NY	7141	Yes
Torres CPA and Company	Flowood, MS	7142	Yes
Sherry L. Wilson	Bolton, MS	7143	Yes

Amendments to Registered Firms

Number	Name	City, State	Change
F0229	Collins, Barr & Hembree, LTD	Madison, MS	Change from Collins & Barr, LTD
7107	Roosevelt Johnson, Jr., CPA, PC	Tulsa, OK	Change from Johnson & Associates, CPA, PC
F0900	RSM US LLP	Chicago, IL	Change from McGladrey LLP

4. The Board members took the following actions related to requests for amendments to the 2015 CPE compliance requirements and granted extensions to the following:

Name	Number	Total Hours	Extension Date
Keith Davis	3336	40	10/31/2015
Russell Eldridge	6296	30	10/31/2015

IV. CPA Examination, Licensing & Firms (continued)

4. Amendments to June 30, 2015 CPE (continued)

<u>Name</u>	<u>Number</u>	<u>Total Hours</u>	<u>Extension Date</u>
Carl Johnson	3583	48	10/31/2015
Wayne Myles	2934	60	10/31/2015
Gloria Palin	5298	33.5	10/31/2015
Sharon Parker	3587	60	10/31/2015
Tyler Rehmert	R3631	30.5	10/31/2015
Carter Smith	6129	7	10/31/2015
Matthew Smith	7096	27.5	10/31/2015
William Walker	2915	35	10/31/2015
Ken Warriner	5054	22	10/31/2015
Keyuan Zhang	6092	6	10/31/2015

5. 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>
Lindsay Anglin	1022
Jack Burke	0841
Debra Magee	3078
Wanda Smith	2941
Margaret Wong	3568

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

<u>Name</u>	<u>Number</u>
Scott Brown	R3465
Shannon Gleason	4259
Van Hawthorne	3970
Piyush Mittal	R3617
Cory Starr	R2815
Michelle Williams	4532
Cynthia Wood	4495

IV. CPA Examination, Licensing & Firms (continued)

7. The Board deferred a request from Dr. Goldsmith, Chair, Dept. of Accountancy Studies, Belhaven University School of Business, for Board ruling on whether or not graduation from a Mississippi college or university based on online hours earned while living out-of-state, qualifies the graduate as a Mississippi resident under Board Rule 2.2.1.(b)(5). The matter was referred to the Rules and Regulations Committee for further consideration.

8. The Board reviewed MSBPA letter to Firms with more than one physical office located in Mississippi.

9. The Board noted a Copy of Board Policy: Firm Permits for Firms with Multiple Physical Locations in Mississippi, Out-of-State Firms with at Least One Physical Office in Mississippi, and Out-of-State Firms with No Physical Offices in Mississippi.

10. The Board noted a Letter dated September 1, 2015, from Patricia Hartman, Director of Client Services for NASBA, about fraudulent college transcripts.

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
Ameriprise Financial			
1. Succession Planning for Farmers	Various	1	Yes
2. Estate Planning for Farmers	Various	1	Yes
Petroleum Accountants Society of MS			
1. Review of Current Energy Markets	8/26/15	1	Yes
The University of Alabama			
1. Alabama Insurance Day	10/14/15	8	Yes
Watkins Ward and Stafford			
1. Auditing More Efficiently Using CS Engagement	8/28/15	4	Yes

V. Continuing Professional Education (continued)

1. Sponsor Applications (continued)

Sponsor/Title	Dates	Hours	Action
Department of Revenue (SEE ATTACHED EXHIBIT 1)			

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

Sponsor/Title	Dates	Hours	Action
Robin A. Word NAIOP Development Magazine; Summer 2015 Issue 1. The Benefits of Cost Segregation Studies	Published Article	4	Yes
Associated Builders and Contractors’ Construction Executive Magazine; August 2015 Issue 1. Liquidated Damages: The Hidden Cost of the ACA	Published Article	4	Yes

VI. Rules and Regulations

1. The Board discussed possible changes to MSBPA Accountancy Statutes.
2. The Board discussed emails related to the proposed wording of Statute 73-33-12(2).
3. The Board adopted the 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.

- SOS APA Form 001 filed August 21, 2015
- Marked-Up Copy of Rule 9.1.3.
- Clean Copy of Rule 9.1.3.

VII. Regulatory Matters

The Board heard a report from Investigator Andy Wright and approved the regulatory activities from August 14, 2015, to September 18, 2015:

Activity	Number
Cases Opened	41
Cases Closed ①	43
Cases referred to Members ②	1
Total Cases Open- End of Period	14

① **Cases Closed:**

Cases 2015.21 through .36 (16 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 2015.37 through .59 (23 cases) were opened based on Board staff's receipt of requests for exemption from CPE requirements. There were 16 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.

VII. Regulatory Matters (continued)

Case 2014.20 was opened March 13, 2014, based on receipt of information that the CPA firm's most recent peer review had a fail rating. The sole proprietor / firm owner responded with a report listing Mississippi clients for which it was performing engagements requiring peer review and a statement that only compilations would be performed in the future. The owner has retired due to health issues and the firm is now closed and did not perform any more work requiring peer review since the case opening. The case was closed without discipline.

Case 2014.47 was opened September 2, 2014, based on Board staff noting audit work being performed by an out-of-state firm. The firm's last peer review acceptance required immediate notice to the home state society peer review program of any audit work being performed, and it appeared that no notification had been made. After communication with the firm, an immediate (system) peer review was initiated by the firm. Such peer review resulted in a pass with deficiencies rating, but the prior rating was a pass. Based on these facts, there was no cause to investigate further and the case was closed without discipline.

Case 2015.18 was opened July 21, 2015, based on Board staff receiving notice that the firm had been dropped from the peer review program and might have performed work requiring peer review. The firm's owner stated that only one client had a "management use only" compilation prepared and he was not aware that such engagements did not require a peer review. Board rules currently in effect do not require peer review for this type work (no accountant's report required). Based on these facts, there was no cause to investigate further and the case was closed without discipline.

Case 2015.19 was opened July 31, 2015, based on Board staff's receipt of a complaint that a former licensee was mentioning "experience as a CPA" in a political campaign flyer in his run for a county elected position. Since he was a former licensee of our state (cancelled in good standing) and is still licensed in a neighboring state, the AG's office advised us that his claim in the political campaign flyer could be considered truthful. It was deemed not appropriate to pursue a formal investigation and the case was closed without discipline.

② **Cases Referred to Members:** **Case 2014.47** was assigned to Mark Peach.

CPE Compliance Audit for the year ended June 30, 2014 - A random sample of 60 active licensees was selected from the population of licensees who were required to obtain CPE in the year ended June 30, 2014. Cylynda Brown and Lane McNeal pulled the CPE reports and traced the programs listed on the forms to the copies of sign in sheets on the Board approved programs, which are on file in the Board office. Letters were sent to licensees asking for documentation of any CPE programs not already approved by the Board and for which proof of attendance was not on file in the Board office. The CPE hours of all 60 have now been verified without exception.

VII. Regulatory Matters (continued)

Licensees reporting CPE for the year ended June 30, 2015:

As of September 10th, there were 3,841 on-line CPE reports received from the 3,981 active licensees on that date. Included in the 140 not reporting, were 24 that had requested extensions or waivers from the Board, and another 25 that were new licensees exempt from CPE. The remaining 91 not reporting were mailed letters advising them of the violation of Board rules regarding CPE. These will be reflected in activity statistics as cases opened after September 18th.

3. The Board heard from Bill Felder, with the Annual Report from Peer Review Oversight Committee for the year ended June 30, 2015.

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.
2. The Board voted to approve the Executed Consent Order in the matter of Case #2015.10 which involved a CPA firm (Permit # F0934) that had failed to follow AICPA standards for format of a review report on financial statements or to timely enroll in a peer review program and had made a false statement on permit application that no work requiring a peer review had been performed. The Respondent firm agreed to restrict its practice to work not requiring peer review unless certain conditions are met and pay a civil penalty of \$2,000.00, and administrative costs of \$850.00, within 30 days of Board execution of the Order.

MSBPA Minutes

September 18, 2015

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member

	Subject			Staff	
Sponsor/Program Title	Dates	Ethics	Hour	Rec.	Approve
B. Department of Revenue					
1. Account and Entity Analysis	6/25/15		1.5	Yes	YES
2. Audit Activities and Expense	6/2/15		.75	Yes	YES
3. Audit Plan Scheduling	6/25/15		1.5	Yes	YES
4. Audit Process & Approach 1	6/24/15		3	Yes	YES
5. Audit Process & Approach 2	6/24/15		1.5	Yes	YES
6. Audit Research and Setup/Theory	6/16/15		1	Yes	YES
7. Audit Research and Setup Selection/Practice	7/22/15		3	Yes	YES
8. Auditor Comments	6/25/15		2.25	Yes	YES
9. Cybersecurity and Password Management	6/2/15		1	Yes	YES
10. Estimates and Verification Analysis	7/22/15		2	Yes	YES
11. Evaluation Tips	6/24/15		1.5	Yes	YES
12. EXCEL and Orientation	6/1/15		1	Yes	YES
13. EXCEL 1 Refresher	6/15/15		4	Yes	YES
14. Exempt Sales/Applications and Analysis	7/21/15		1	Yes	YES
15. Grocery Store Procedures and Comparisons of Data/Theory	6/23/15		6	Yes	YES
16. IIT Practice Set/Small Grocery	7/28/15		2	Yes	YES
17. Interest and Penalty Calculations	6/22/15		2.5	Yes	YES
18. Markups and Buy/Downs Practice	7/22/15		3	Yes	YES
19. MARS/Audit Research and Reports, Audit Springboard, Audit Setup, Audit Letters, Proof of Delivery...	6/19/15		7	Yes	YES
20. MARS/Fundamentals/Some Discussion of Daily Activities and Expense Reporting	6/2/15		4	Yes	YES
21. MARS/Income Tax, Sales, Special, Contractors Tax, Permit Locations, ACCT Verifications, Diversion Issues, Audit Submission	6/26/15		5.5	Yes	YES
22. Methods and Techniques/Basics Invoice, Inc stmt, Cash, MU, Comparison	6/18/15		5	Yes	YES
23. Methods: Comparison Overview	6/16/15		3.5	Yes	YES

24. Methods: Source and Application of Funds/Snapshot View	6/16/15		1.5	Yes	YES
25. Overview of the Audit Process	6/2/15		2	Yes	YES
26. Preliminary Interview Analysis	6/22/15		2	Yes	YES
27. Sales Tax Credit Applications in Audits	6/23/15		1.5	Yes	YES
28. SLS Practice Set-Initial Working Papers	6/18/15		3	Yes	YES
29. SLS Practice Set-Small Grocery	7/27/15		6	Yes	YES
30. SLS Practice Set-Small Grocery	7/28/15		4	Yes	YES
31. Working Papers	6/16/15		2	Yes	YES
32. Agency History	6/17/15		1.5	Yes	YES
33. City Diversion	7/23/15		1.5	Yes	YES
34. Exempt Sales Law	6/17/15		2	Yes	YES
35. Income Tax Law - Individual and SE Applications	7/24/15		5.25	Yes	YES
36. Industrial Issues -Medical, Funeral Homes and Dry Cleaners	6/22/15		1.5	Yes	YES
37. Industrial Issues - Restaurants and Department Stores	6/25/15		1.75	Yes	YES
38. Industrial Issues: Motels and Trailer Parks. Theory and Law Applications	7/23/15		2	Yes	YES
39. Sales Tax Law Review	7/21/15		2	Yes	YES
40. Sales Tax Law	6/3/2015		7	Yes	YES
41. SEATA	6/23/2015		0.5	Yes	YES
42. Special Tax Levies	7/23/2015		3.5	Yes	YES
43. Statute of Limitations	6/24/2015		2	Yes	YES
44. TMS MARS Overview	7/21/2015		1	Yes	YES
45. Use Tax Law Synopsis and DDP Issues	6/17/2015		4	Yes	YES