

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY**  
**MINUTES**  
**July 27, 2007**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on July 27, 2007. The following record of that meeting was maintained.

Board Members Present

Jim E. Burkes, Chair  
Willie B. Sims, Jr., Vice Chair  
Diane S. Day, Secretary  
David E. Clarke  
Rick Elam  
Angela L. Pannell  
Jean T. Shepherd

Board Staff Present

Susan M. Harris, Executive Director  
Ransom C. Jones, Investigator

Legal Counsel Present

Onetta Whitley, Deputy Attorney General  
Kay Frost, Special Assistant Attorney General

Others Present

Gary Walker, MSCPA  
Robin Grubbs Burwell, Brooks Court Reporting

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**I. General**

1. The Board opened the meeting with the invocation by chairman Willie Sims.
2. The Board unanimously approved the minutes from the May 30, 2007, meeting.
3. The Board members signed the CPA certificates of licensure from the May 30, 2007, meeting.

## I. General (Continued)

4. The Board members set the start time for the next meeting and reviewed the tentative meeting dates and activities for the remainder of 2007.

August 10	1:30	The Board canceled the August 24 meeting.
September 14		The Board moved the September meeting from the 28 <sup>th</sup> and to be held in Oxford at the University of Mississippi Patterson School of Accountancy.
October 28 - 31		NASBA Annual Meeting (Maui, HI)
November 16		
November 17		CPA Presentation Ceremony
December 14		
5. The Board members had a general discussion related to meetings and conferences attended including the:
  - NASBA Joint Panel on Education, April 2007,
  - NASBA Western and Eastern Regional Meetings, June 2007, and
  - MSCPA Annual Meeting, June 2007.
6. The Board approved attendance of members, Executive Director, Investigator, and Attorney to the attend the NASBA Annual Meeting to be held October 28 - October 31, 2007, in Maui, Hawaii. The out-of-country travel was approved by the Legislature. Meeting registration is due by September 14, 2007.

## II. National Regulatory Concerns

1. The Board members reviewed and discussed the May and June 2007 NASBA *State Board Reports*.
2. The Board members reviewed various releases from the Public Company Accounting Oversight Board (PCAOB) including:
  - *Board to Consider Proposing New Ethics and Independence Rule and Amendment to Existing Tax Services Rule,*
  - *PCAOB Enters into Cooperative Arrangement with Australian Securities and Investments Commission,* and
  - *Forum on Auditing in the Small Business Environment.*

### III. Administration

1. The Board members present reviewed and discussed the SAAS Summary Trial Balances as of June 30, 2007, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the twelve months ended June 30, 2007 (before lapse).
2. The Board members reviewed the FY2008 *Approval of Fiscal Year Budget*, DFA Z-1 form, setting the spending authority/allotments for July 1, 2007 - June 30, 2008, in accordance with Senate Bill 3161, Chapter 28
3. The Board members noted the July 5, 2007, letter from the Office of the State Auditor, Department of Property, reporting no findings and all property accounted for during the Board property audit.
4. The Board reviewed and unanimously approved the draft budget request for the fiscal year ended June 30, 2009, for submittal to the Legislature and the Governor by August 1, 2007.
5. The Board heard a report from the Executive Director concerning the *5-Year Strategic Plan for the Fiscal Years 2009 - 2013*, to be completed and submitted to the Legislature and the Governor's Office August 15, 2007. The plan will be discussed further at the August 10 meeting.
6. The Board members received a copy of the updated FY2008 travel mileage and meals reimbursement rates and referred to the DFA Travel Manual.

### IV. CPA Examination, Licensing and Firms

1. The Board unanimously ratified the Window 2 - April - May 2007 CPA examination grades for 119 candidates, 160 examination sections. Ten candidates from this window have completed all four examination sections.
2. The Board unanimously accepted the listing of candidate applications for the computerized examination (23 initial, 59 reexam) received since the May meeting.
3. The Board unanimously acted upon the applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits as presented herein:

#### IV. CPA Examination, Licensing and Firms (Continued)

##### 3. Applications (Continued)

###### Applications for Original CPA License

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11875	James Curtis Ball, III	5859	7/27/07	Yes
11636	Jamie Robertson Dent	5860	7/27/07	Yes
10808	Patty Hendrix Hays	5861	7/27/07	No (1)
11329	Anthony Christian Knotts	5862	7/27/07	Yes
11306	Patrick Haynes Lowery	5863	7/27/07	Yes
9450	Jennifer Ryals O'Barr	5864	7/27/07	Yes
11671	Leigh Everett Taylor	5865	7/27/07	Yes
11644	D'Anna Bennett White	5866	7/27/07	Yes

###### Applications for Reciprocal CPA Licenses

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
12115	Brenda Marlene Graham	R3304	7/27/07	Yes
12077	Andrew James Groscoast	R3305	7/27/07	Yes
12089	Emily Louise Hess	R3306	7/27/07	Yes
12086	Jennifer Noel Hoskins	R3307	7/27/07	Yes
12092	Christopher D. Loyd	R3308	7/27/07	Yes
12102	David Franklin Read	R3309	7/27/07	Yes
12121	David C. Start, Jr.	R3310	7/27/07	Yes
12085	Kathleen Grayer Zuniga	R3311	7/27/07	Yes

###### Applications for Reinstatement of CPA Licenses

File			
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
11280	Van Brooks Poole	5680	Yes
11794	Richard L Rollins	R3189	Yes

#### IV. CPA Examination, Licensing and Firms (Continued)

##### 3. Applications (Continued)

###### Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Gaston CPA Firm, PC Clarksdale, MS	F1141	Yes
Nearman, Maynard, Vallez CPAs Miami, FL	F1142	Yes
D. Start, PC Baytown, TX	F1143	Yes
Watts & Associates, PA Clarksdale, MS	F1144	Yes

##### 4. The Board reviewed submitted amendments to registered CPA firms, as follows:

<u>Name</u>	<u>Number</u>	<u>Description</u>
Gaston & Watts, CPAs Clarksdale, MS	F0806	Canceled Firm Permit
Gay & Co. CPA Firm PA Forest, MS	F0324	Name change from Andrew E. Gay & Co. PA
Greg W. Ingram, CPA, PLLC Clinton, MS	F0974	Address change.
M J D & Associates, LLC Gulfport, MS	F1100	Name change from Michael J. Durlak, CPA and address change
Schamber - Jones, CPA, PA Hattiesburg, MS	F0848	Name change from Schamber & Co. CPAs

5. The Board members discussed the November 17, 2007, CPA presentation ceremony and deferred to the August 10 meeting the consideration of a key speaker.

6. The Board reviewed and unanimously approved a request from candidate Sara Elaine Canterbury, # 1039, for an extension to her AUD and BEC conditioned credits to February 14, 2008, due to a personal tragedy.

#### IV. CPA Examination, Licensing and Firms (Continued)

7. The Board members reviewed and discussed a request from examination applicant #12094 who applied for the CPA examination, but did not satisfy the education requirement. After discussion, the Board unanimously approved the refund of his one examination section fee only for \$140.78
8. The Board reviewed an application from examination applicant #12096. The applicant has not earned a three semester hour upper/graduate level course in government/not-for-profit accounting. The Board unanimously disapproved his request to accept a portion of his Advanced Accounting II course in satisfaction of the three semester hour upper/graduate level government/not-for-profit accounting course.
9. The Board reviewed a request from Homer Dyer, CPA 3622 to be able to apply for and during registration obtain the CPA (retired) status as an employee of CPA firm. The Board unanimously disapproved his request for the CPA (retired) status and determined to communicate and explain his activities related to public accounting.
10. The Board unanimously took the following actions accept as noted related to CPAs requests for amendments to the 2007CPE compliance requirements:

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Melissa W. Anderson	R3266	Extension to 9/30/07 - 4.5 w/3 Ethics hours
Mickey H. Anderson, Jr.	5474	Extension to 9/30/07 - 6 CPE hours
Charles M. Braddock, Jr.	3966	Extension to 9/30/07 - 3 Ethics hours w/rules
Donna B. Dunn	4490	Extension to 9/30/07 - 6 CPE hours
Sandra Halliwell	3510	Extension to 9/30/07 - 3 Ethics hours w/rules
Robert N. Holcomb	5702	Extension to 9/30/07 - 12 CPE hours
J. Fred Johnson, Jr.	1688	Extension to 9/30/07 - 12 w/1 Ethics-rules
John I Myers	1567	Extension to 9/30/07 - 4.5 w/3 Ethics hours
① Nelly Galloway Shearer	R1385	Extension to 9/30/07 - 3 Ethics hours w/rules
Sharon P. Talbert	5252	Extension to 9/30/07 - 6 A&A CPE hours
James R. Taylor	1035	Extension to 9/30/07 - 3 Ethics hours w/rules
Joseph B. Tidwell	R2981	Extension to 9/30/07 - 4.5 w/3 Ethics hours
② Keith L. Voights	R2451	Extension to 9/30/07 - 1.5 w/1 Ethics hours
Caroline Wiertelak-Vruno	R3277	Extension to 9/30/07 - 3 Ethics hours w/rules
③ Na'Son S. White	5669	Waiver - Military active duty

① If CPE completed by August 1, otherwise must obtain 4.5 w/3 Ethics hours.

② Angela Pannell abstained from vote.

③ Diane Day abstained from vote.

#### IV. CPA Examination, Licensing and Firms (Continued)

11. The Board members reviewed a listing of voluntary cancellations made by CPAs with CPE deficits and requested during the 2007 CPE reporting period:

<u>Name</u>	<u>Number</u>
Yvette L. Alliston	3725
L. Lee Bond	4387
Robbie A. Byers	3248
Robert A. Davidson	5120 (compliant)
Donald J. Hart	R2542
William B. Johnson	2711
Marcella L. Lee	4570
Joseph L. McCall	3762
William E. Weaver, Jr.	3124

12. The Board unanimously approved requests from CPAs for waivers of the 2007 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2008, as follows:

<u>Name</u>	<u>Number</u>
Eve E. Bobbitt	1790
Phillip R. Brooks	2228
Evon B. Cooper, Jr.	2788
Larry E. Everett	1550
Hugh F. McWilliams	1073
Daniel S. Pigott	1616
James M. Rhodes	4122

13. The Board members noted the letter sent to all Mississippi candidates along with the new application announcing the CPA examination fee increase effective August 1, 2007.
14. The Board reviewed and discussed the NASBA and AICPA Board of Examiners letters concerning the 2006 Control-V paste problem with the examination. The Board unanimously approved the release of the amended scores for three Mississippi candidates. The scores did not change from fail to pass and there was no effect on each examination candidate's status.
15. The Board members reviewed the press release from Thomson entitled: *The Thomson Corporation to Sell Prometric to ETS*, released July 2, 2007.

## V. Continuing Professional Education

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

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
A.	American Society of Women Accountants				
	1. An Overview of IT Security	6/26/07	Other	1	Yes
B.	Association of Government Accountants				
	1. Overview of the MS Ethics Commission and Outline of MS Ethics in Government Laws	2/21/07	Ethics - General	1	Yes
	2. State Budget Outlook for FY 2008	2/21/07	Other	1	Yes
	3. Disaster Fraud	5/16/07	A&A	1	Yes
	4. Update on Mississippi PERS	5/16/07	Other	1	Yes
C.	Breazeale, Saunders & O'Neil, Ltd.				
	1. Ethics Rules & Regulations (Susan Harris)	5/15/07	Ethics - Rules	1	Yes
D.	Frances Rushton Memorial Scholarship Trust ASWA				
	1. 2007 Accounting and Auditing Update	10/26/07	A&A	8	Yes
E.	Gleim Publications, Inc. (QAS)				
	1. AICPA Professional Ethics	Self Study	Ethics - General	4	Yes
F.	Harper, Rains, Knight & Co., P.A.				
	1. AgFirst Income Tax Presentation	8/30/06 Webcast	Tax	8	Yes
G.	Houston CPA Society				
	1. Ethics and Texas CPAs: Doing the Right Thing	6/27/06	Ethics - General	4	Yes
H.	Institute of Internal Auditors				
	1. Central Mississippi Chapter of Institute of Internal Auditors 2007 Summer Workshop	7/18-19/07	A&A	14	Yes
I.	May & Company, LLP				
	1. 2007 Accounting & Auditing Update	6/26-27/07	A&A	8	Yes

## V. Continuing Professional Education (Continued)

### 1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
J.	McArthur, Thames, Slay & Dews				
	1. MS Public Accountancy Statute, Rules & Regulations (Dr. Steve Wells)	10/5/05	Ethics-Rules	3	Yes
K.	Mississippi Association of Public Accountants				
	1. Mississippi-Tennessee Joint Annual Convention	6/27-30/07	A&A Other	8 4	Yes
L.	MDOT				
	1. Southern Transportation Finance Conference	6/11-15/07	A&A Other	3 15	Yes
M.	MSCPA				
	1. Accounting and Auditing Conference	5/18/07	A&A	8	Yes
	2. Program for Management Development	5/23-24/07	Other	16	Yes
	3. Technology Show	6/1/07	Other	8	Yes
N.	MSCPA - Central Chapter				
	1. Fraud Happens - At Your Clients	3/15/07	A&A	1	Yes
O.	Mississippi State Tax Commission				
	1. 2007 Legislative Update	6/15, 28, 29/07 7/20, 25, 26, 30/07 8/1, 2/07	Tax	1	Yes
	2. Accounting & Auditing	6/27/07 and TBD in Fall	A&A	8	Yes
P.	Morgan Keegan & Co., Inc.				
	1. Morgan Keegan & Co., Inc CPE Seminar	6/27/07	A&A Other	1 7	Yes
Q.	National Society of Accountants				
	1. National Accounting & Tax Symposium - The Importance of Ethics	11/13/06	Ethics - General	2	Yes

## V. Continuing Professional Education (Continued)

### 1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
R.	Office of the State Auditor				
	1. Excel XP: Level 1	7/18/06	Other	7.5	Yes
	2. Word XP	7/28/06	Other	7.5	Yes
	3. Excel XP: Level 2	8/2/06	Other	7.5	Yes
S.	Regions Morgan Keegan Trust				
	1. 2007 Estate Planning and Taxation Seminar	8/21, 22, 23/07	Ethics - General Other	1.5 5.7	Yes
T.	Rhea & Ivy, P.L.C.				
	1. AICPA Professional Liability Insurance Program - Back to Basics	11/30/06	Ethics - General	4	Yes
U.	Timothy L. Kennedy, CPA				
	1. Professional Ethics Conduct	9/30/05	Ethics - General	2	Yes
V.	University of Alabama - The Alabama Federal Tax Clinic				
	1. The 61 <sup>st</sup> Annual Federal Tax Clinic	11/15-16/07	16	Tax	Yes

### 2. The Board members present unanimously authorized the following actions on CPE requests from individuals.

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
A.	Itawamba Community College	Instructor			
	1. ACC 1213	Fall 2006	A&A	48	Yes
	Requested by Jeffrey Aldridge				
B.	Positive Systems, Inc. (QAS)				
	1. Ethics and Professional Conduct for North Carolina CPAs	Self Study Online	Ethics - General	4	Yes
	Requested by Alan Arrington				
C.	MACPA				
	1. Matter of Trust: Ethics in a New Era	November 18, 2005	Ethics - General	4	Yes
	Requested by Karen S. Bell				

## V. Continuing Professional Education (Continued)

### 2. Individual CPE Requests (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
D.	California CPA Education foundation				
	1. Ethics, Taxes & Financial Reporting Requested by Rea Campbell	5/6/05	Ethics - General	8	No (1)
E.	SACUBO				
	1. 2005 The Southern Assn of College & University Business Officers Fall Workshop Requested by Andre Curry	11/6-8/05	Ethics - General Other	1 9	Yes
F.	Professional Education Services (QAS)				
	1. Ethics & Professional Conduct for North Carolina CPAs Requested by Albert Ellison, Jr.	Self Study	Ethics - General	4	Yes
G.	Federal Express Corporation				
	1. Ethics: Values - Based Decision Making Requested by K. Friedman	2/21-22/06	Ethics - General	12	Yes
H.	Virginia Society of CPAs				
	1. Ethics 2007 - Your License Depends On it! Requested by William Rutledge	6/5/07	Ethics - General	2	No (1)
I.	Accountants Education Group				
	1. Business Ethics Under Sarbanes-Oxley Requested by Jason Sanderson	Self Study Online	Ethics - General	8	Yes
J.	MS Tax Seminars				
	1. Sales and Use Tax Seminar for Mississippi Manufacturers Requested by David Stevens	May 23, 2007 May 24, 2007	Tax	7	Yes

(1) Deferred for additional information.

## V. Continuing Professional Education (Continued)

3. The Board members discussed the staff's continued review of "ethics" CPE reported by CPAs for the compliance period ending June 30, 2007. The Board determined an appropriate time for staff to request all supporting documentation for Board review and a final deadline. In addition, the Board directed the staff to furnish a proposal for their consideration concerning Board approvals of CPE in the subject area of "ethics."
4. The Board staff received guidance from the Board concerning Section 4.1.9.(a) of the Rules and Regulations. If an CPA can meet the exception as a licensee with primary employment in a substantially equivalent jurisdiction, but the other jurisdiction does not require reporting with the listing of CPE, the regulation requires the reporting, thus listing of all CPE to satisfy Mississippi requirements.

## VI. Rules and Regulations

1. The Board discussed a clerical error concerning the amended Section 4.1.3. which is an elimination of "Mississippi" before the required "Public Accountancy Law and Regulations course." Since this has caused confusion for some licensees, the Board unanimously approved the correction of the error with submittal of the correction to the Secretary of State's office. Section 4.1.3. will now read:

*Effective with the triennial period beginning July 1, 2007, a minimum of three (3) CPE credit hours must be earned in a Board approved Ethics and Professional Conduct course(s) every three years. Also, effective with the triennial period beginning July 1, 2007, a minimum of one (1) CPE credit hour must be earned in a Mississippi Public Accountancy Law and Regulations course. No carry-over may be used to satisfy this requirement.*

## VII. Regulatory Matters

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from May 30, 2007, to July 27, 2007:

## VII. Regulatory Matters (Continued)

### 1. Investigator Report: (Continued)

<u>Activity</u>	<u>Number</u>
Cases Opened	2
Cases Closed	2
Cases referred to Members	none
Total Cases Open	22

### 2. Cases closed

Case 2007.02 - opened January 8, 2007. The Alabama State Board of Public Accountancy took action against his license September 22, 2006, related to a complaint from the U.S. Dept. of Education for an audit performed in Alabama. The Diane Day Investigative Committee recommended a consent order stating that Trial Board agreed with the action taken by Alabama requiring additional and relevant continuing professional education (CPE). Also, the licensee would not be allowed to apply the CPE hours to Mississippi CPE compliance for 2007 or any other year. The licensee signed the order and the Board accepted and executed the order at the May 2007 Trial Board meeting.

Case 2007.26 - opened April 3, 2007. A licensee held-out as a CPA in a newspaper advertisement after not renewing her license and firm permit registration for 2007. The Investigator closed the case with no probable cause to investigate further after the Board reinstated her license and firm permit at the May 2007 meeting.

3. The Investigator reviewed the open case log by general description and reported on the investigative activities.
4. The Board heard a report from Investigator Ransom Jones concerning the monitoring of 2007 CPE reporting forms. As of July 20, the Board had received 2,195 out of the 4,066 CPE forms mailed.
5. The Board also discussed and unanimously approved the procedures for the CPE Investigative Committee's management of CPE noncompliance including deficits, late forms, and nonreceipt of CPE reporting forms. David Clarke agreed to assignment to the committee for the 2007 compliance cases.

## VII. Regulatory Matters (Continued)

6. The Board reviewed and unanimously approved a request from the CPA firm of Piltz, Williams, LaRosa & Company, Biloxi, Mississippi, for a one year extension of their peer review to June 30, 2008, and as permitted under Governor Haley Barbour's emergency declaration related to Hurricane Katrina. The AICPA Peer Review program has also approved the extension.

## VIII. Trial Board

1. The Board members unanimously voted to convene as the Trial Board for the purpose of considering matters related to disciplinary cases.
2. The Board did convene as Trial Board for the purpose holding disciplinary administrative hearing related to complaint 2007.30, concerning Daniel Wesley Chance, CPA license 2357. Legal and proper notice of the hearing was delivered to the respondent and he was present. Within the Trial Board the Board heard evidence from respondent Daniel Wesley Chance. There were no other witnesses. Legal and proper notice of the hearing was delivered to the respondent The respondent was convicted of the crime of laundering monetary instruments in the U.S. District Court, Southern District of Mississippi.

Following the administrative Trial Board hearing and upon motion by Angela Pannell with second from Jean Shepherd, 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 upon motion by Angela Pannell with second from Jean Shepherd voted that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of a Trial Board order that could be appealed. Accordingly, the Board reopened the closed meeting and upon motion by Angela Pannell with second from Jean Shepherd unanimously 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 Trial Board took the following actions: Upon motion by Jean Shepherd with second from Angela Pannell, the Board determined that the respondent had indeed violated *Rules and Regulations* Sections 6.17.2.

**VIII. Trial Board (Continued)**

2. (Continued)

and Section 6.17.10. of Chapter 6, Section 17. of the Board's Rules and Regulations. Votes were - For: Jim Burkes, Willie Sims, Diane Day, David Clarke, Rick Elam, Angela Pannell, Jean Shepherd; Against: None; Absent: None; and Recused: None.

Upon the conclusion of this business, the Board upon motion by Jean Shepherd and second from Willie Sims 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.

3. The Board continued as Trial Board to hear complaint 2005.01, concerning Donald Brent Grafton, CPA license 5126 and CPA Firm Permit Number F0921 The Board noted that the respondent had submitted a request for continuance of the administrative hearing. The Board determined to grant his request for continuance until August 10, 2007. The Trial Board administrative hearing will continue until 2:30 p.m., August 10, 2007.

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

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**APPROVED:**

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Chair

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Board Member

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Vice Chair

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Board Member

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Secretary

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Board Member

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Board Member