

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
April 27, 2007

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on April 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
Bridgette Wiggins, Special Assistant Attorney General

Others Present

Julie Brown, Brooks Court Reporting

I. General

1. The Board opened the meeting with the invocation by member Angela Pannell.
2. The Board members present unanimously approved the minutes from the March 23, 2007, meeting.
3. The Board members signed the CPA certificates of licensure from the March 23 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.

May 30	Meeting
June 6 - 8	NASBA Eastern Regional
June 20 - 22	NASBA Western Regional
June 21 - 24	MSCPA Annual
July 27	Meeting
August 24	
September	
October 28 - 31	NASBA Annual Meeting
November 16	
November 17	CPA Presentation Ceremony
December 14	
5. The Board members unanimously approved attendance of members, Executive Director, and Investigator at the Mississippi Society of CPAs Annual Meeting June 21 - 24, 2007, Destin, Florida. The Board will make a report at the annual business meeting Saturday, June 23, 2007.
6. The Board members noted that the *Statement of Economic Interest Manual* is due to the Mississippi Ethics Commission by May 1, 2007.
7. The Board heard a report from Chair Jim Burkes concerning his meeting with the NASBA Compliance Assurance Review Board and the fact the committee requested to use the Mississippi peer review compliance and oversight program as its example of a proper working program.

II. National Regulatory Concerns

1. The Board members noted its response to the April 2007 NASBA Focus Questions as answered during the March 23, 2007, meeting.
2. The Board briefly discussed its report for the states' roll call at the NASBA Eastern and Western Regional Meetings.
3. The Board members noted the March 19, 2007, NASBA letter concerning volunteering for the 2007-2008 NASBA Committees. Members' requests should be returned by May 1, 2007.

II. National Regulatory Concerns (Continued)

4. The Board reviewed recommendations from other states for the NASBA Director-at-large positions.
5. The Board reviewed and discussed the March 2007 NASBA *State Board Report*.
6. The Board discussed the Uniform Accountancy Act (UAA) Exposure Draft *Amended Exposure Draft - Proposed Revisions to AICPA/NASBA Uniform Accountancy Act Section 23, 7 and 14* and determined to respond with general comments concerning the mobility proposal.
7. The Board members reviewed various releases from the Public Company Accounting Oversight Board (PCAOB) including:
 - *PCAOB Meets with Asian Counterparts to Discuss Cooperation on Auditor Oversight*, March 23, 2007,
 - *PCAOB Chairman Olson's Statement before the SEC Open Meeting April 4, 2007* (to consider staff's approach to proposed standard *An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements* and proposed standard - *Considering and Using the Work of Others in an Audit.*),
 - *Deputy Chief Auditor Laura Phillips to Leave PCAOB*, April 11, 2007,
 - *PCAOB Report on the Second-Year Implementation of Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements*, April 18, 2007, and
 - *PCAOB Chairman Mark Olson Testimony before the Senate Small Business & Entrepreneurship Committee*, April 18, 2007.
8. The Board reviewed but took no action concerning the AICPA Peer Review Board *Exposure Draft - Proposed revisions to the AICPA Standards for performing and reporting on Peer Reviews*.
9. The Board acknowledged information related to AICPA Professional Ethics Executive Committee open meeting April 26 - 27, 2007.

III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of March 31, 2007, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the nine months ended March 31, 2007.

III. Administration (Continued)

2. The Board reviewed and discussed the Senate Bill 2746, signed by Governor Haley Barbour April 13, 2007.
3. The Board reviewed and discussed Senate Bill 3161 for 2007 spending authority as approved and sent to the Governor.
4. The Board members unanimously approved additional per diem days for Jim Burkes as necessary related to NASBA committee travel.

IV. CPA Examination, Licensing and Firms

1. The Board members unanimously ratified the Window 1 - January - February 2007 CPA examination grades for 95 candidates, 123 examination sections. Ten candidates from the Window 1 completed all four examination sections.
2. The Board members unanimously accepted the listing of candidate applications for the computerized examination (9 initial, 33 reexam) received since the March meeting.
3. The Board discussed two special candidate circumstances and took action as follows:
File 12043 Misdemeanor DUI - first offense.
File 12048 3.5 semester hours of military education needed to qualify for 150 hour education requirement.
After reviewing the candidates' applications and discussing the circumstances, the Board members unanimously approved the candidates' applications to sit for the CPA examination.
4. 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

<u>File</u>				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11712	Gail Perkins Arrington	5849	4/27/07	Yes
11628	Chunfang Zhu	5850	4/27/07	Yes

IV. CPA Examination, Licensing and Firms (Continued)

4. Applications (Continued)

Applications for Reciprocal CPA Licenses

File Number	Name	Number	Date	Approved
12038	Peggy Louise Cullen	R3280	4/27/07	Yes
12040	Aimee Lynn Daniels	R3281	4/27/07	Yes
11991	Charles Paul Dennis, Jr.	R3282	4/27/07	Yes (1)
12035	Susan Denise Fennedy	R3283	4/27/07	Yes
12044	Randy D. Gammill	R3284	4/27/07	Yes
12036	Matthew Christopher Harvey	R3285	4/27/07	Yes
11775	Mark Edward Hieronymus	R3286	4/27/07	Yes
11989	Mark W. McBryde	R3287	4/27/07	Yes
12045	Daniel J. Moore	R3288	4/27/07	Yes
11974	Henry Moore	R3289	4/27/07	Yes
11985	Catherine Owens Peeler	R3290	4/27/07	Yes
12025	Jennifer Leigh Reynolds	R3291	4/27/07	Yes
12046	John R. Rosental	R3292	4/27/07	Yes
12058	James Edward Tonglet	R3293	4/27/07	Yes
12037	Alan David Westheimer	R3294	4/27/07	Yes

(1) Yes with noted conditions related to required peer review and A&A CPE.

Applications for Reinstatement of CPA Licenses

File Number	Name	Number	Approved
9590	Ronald H. Dawson, Jr.	R2559	Yes
10162	Jeffrey R. Dortch	5481	Yes (2)
3771	James W. Gunkel	3014	Yes
11763	James L. White	R3198	Yes

(2) Board decision summarized below.

The Board convened at 1:30 p.m. to provide a show cause hearing concerning the CPA license reinstatement application of Jeffrey R. Dortch. Within the show cause hearing the Board heard evidence from witnesses Ransom C. Jones, CPA

IV. CPA Examination, Licensing and Firms (Continued)

4. Applications (Continued)

Investigator, and respondent Jeffrey R. Dortch. The respondent was asked to respond to open cases related to offenses while an active licensee before he failed to register his license January 1, 2007.

Following the show cause hearing and upon motion by Jean Shepherd with second from Angela Pannell, 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. Diane Day was absent.

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 an action related to a CPA license 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 Board took the following actions to be set in Board order. Upon motion by David Clark with second from Angela Pannell, the Board determined the following:

1. Respondent's application for reinstatement of License No. 5481 is hereby granted;
2. Respondent shall provide, by June 30, 2007, all applicable client work papers to the Holmes County School District for fiscal year ending June 30, 2004, and Durant Public School District for fiscal year ending June 30, 2004, and to the Office of the State Auditor for the Holmes County School District for the fiscal year ending June 30, 2003;
3. The Respondent shall provide to the Board, by June 30, 2007, proof of receipt of the aforementioned client work papers by the subject third parties;
4. Respondent shall obtain the peer review report and provide a copy of such to the Board by September 30, 2007;
5. Respondent shall pay all costs and attorney fees of this hearing within thirty (30) days from the date of this hearing.

Votes were for: Jim Burkes, Willie Sims, David Clarke, Angela Pannell, Jean Shepherd; Absent: Diane Day and Rick Elam.

IV. CPA Examination, Licensing and Firms (Continued)

4. Applications (Continued)

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

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Dixon Hughes, PLLC Charlotte, NC	F1135	Yes
Mark W. McBryde, CPA Germantown, TN	F1136	Yes
Owens Peeler, CPA Hattiesburg, MS	F1137	Yes
Westheimer Shumberg, LLP Houston, TX	F1138	Yes

Application for Reinstatement of a CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Ericksen, Krentel, Laporte, LLP New Orleans, LA	F0296	Yes

5. The Board reviewed amendments to registered CPA firms, as follows:

<u>Name</u>	<u>Number</u>	<u>Description</u>
Tann, Brown & Russ Co., PLLC Jackson, MS	F0705	Changed from LTD
Michele Correro Williams, CPA Petal, MS	F0771	Cancellation of Firm

IV. CPA Examination, Licensing and Firms (Continued)

6. The Board discussed the April 28, 2007, CPA presentation ceremony. The ceremony is still scheduled to be held in the Old Supreme Court Chamber in the State Capitol.
7. The Board reviewed and unanimously approved a request from candidate 11945 for extension of NTS from April 18 to August 31, 2007 due to medical reasons.
8. The Board reviewed and discussed a March 28, 2007, AICPA letter from the Chair Practice Analysis Oversight Group.

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.	Association of Governmental Accountants				
	1. Financial Planning	4/18/07	Other	1	Yes
B.	Create Foundation				
	1. From Prudent Man to Prudent Investor - The Investment Process Required by the Uniform Prudent Investor Act	3/29/07	Other	2	Yes
C.	Financial Planning Association-MS Chapter				
	1. The Sandwich Generation	5/01/07	Other	8	Yes
D.	Mississippi Association of Public Accountants				
	1. Millsaps Accounting Forum	5/24/06	A&A	6	Yes
			Ethics-General	1	
			Ethics-Rules	1	
	2. USM Accounting Forum	5/31/06	A&A	6	Yes
			Ethics-General	1	
			Ethics-Rules	1	

V. Continuing Professional Education (Continued)

I. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
D.	Mississippi Association of Public Accountants (Continued)				
	3. May Forum/Millsaps	5/23/07	A&A	5	Yes
			Ethics- General	2	
			Ethics- Rules	1	
	4. May Forum/Gulfport	5/29/07	A&A	5	Yes
			Ethics- General	2	
			Ethics- Rules	1	
E.	Mississippi Chapter of HFMA				
	1. 2006 Spring Workshop	3/23-24/07	A&A	4.5	No (1)
			Other	3.75	
			Ethics- General	2	
F.	Mississippi College School of Law				
	1. Overview of Estate and Incapacity Planning	4/27/07	Other	7.2	Yes
G.	Mississippi Society of CPAs				
	1. Educators Symposium	11/3/06	Other	7	Yes
			Ethics- Rules	1	
	2. Mississippi Technology Conference	5/14-15/07	Other	16	Yes
H.	Mississippi Society of CPAs - Central Chapter				
	1. ADP Partnership Strategy: A Formula for a Successful Relationship With Your Firm	7/20/06	Other	1	Yes
	2. Hot Topics and Recent Developments in Federal Tax	9/21/06	Tax	1	Yes
	3. Update Rules and Regulations	10/19/06	Ethics - Rules	1	Yes
	4. Indirect Tax Audit Methodology	11/16/06	Other	1	Yes
	5. Fraud Happens - At Your Clients	3/15/07	Other	1	Yes

(1) Deferred for additional information.

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>
I.	Mississippi Tax Commission 1. Ethics Law and Tax Training Class	3/9/07	Tax Ethics - Rules	5 1	Yes
J.	Mississippi University for Women 1. Communicating Financial Information Effectively, Accounting Updates, How to Keep Your President Off the Front Page	6/7-8/07	Ethics - General	1.5	Yes
K.	Patterson School of Accountancy - Accountancy Weekend (Ethics portion only) 1. Accounting Ethics and the Professional Code of Conduct	4/27-29/07	Ethics - General	1	Yes
L.	Trustmark Wealth Management 1. Navigating the Landmines in Planning for IRAs	Various	Other	1	Yes
M.	T. E. Lott 1. Ethics, Statutes and Rules	5/18/07	Ethics- General Ethics- Rules	2 1	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.	AICPA CPE Express (QAS) 1. Ethics: Megatron Corp.-You Are the Corporate Controller Requested by Charles Beron	Self Study Online	Ethics - General	1	Yes
B.	Platts 1. Platts 3 rd Annual Ethanol Finance & Investment Conference Requested by Eugene Morse, Ergon	5/10-11/07	Other	10	Yes

VI. Rules and Regulations

1. The Board members present reviewed and discussed proposed changes to Chapter 3, CPA Firm Permits, in order to comply with the 2007 Legislative amendments passed through Senate Bill 2746. After discussion, the Board members unanimously proposed the following changes to Chapter 3:
 - Add wording to emphasize applicability of section to sole proprietor acting as a practice unit and of peer review requirements to sole proprietor [3.1.1.];
 - Add wording to clarify the legal organization requirements for a domestic CPA firm and add wording concerning requirements for a CPA firm organized under a law other than the State of Mississippi (foreign CPA firm) and compliance with the requirements in the applicable laws [3.1.2.];
 - Delete the requirement that each firm owner must hold a current license to practice public accountancy and add wording related to registration of a CPA firm domiciled inside of Mississippi- the firm must show that it is wholly owned by natural persons with simple majority ownership in terms of financial interest and/or voting rights holding Mississippi CPA licenses registered and in good-standing with the Board [3.1.3.(a)];
 - Add wording related to registration of a CPA firm or office thereof having its principal place of business located outside of the State of Mississippi that offers to perform or practices public accounting for a client or a potential client who is a Mississippi resident, has a principal place of business, or is domiciled in Mississippi - the firm must show that it is wholly owned by natural persons with simple majority ownership in terms of financial interest and/or voting rights holding CPA licenses from a statutorily authorized licensing jurisdiction and the CPA members offering or performing work for a Mississippi client are registered and in good-standing with the Board. [3.1.3.(b)];
 - Move section and amend wording concerning requirements for an out-of-state CPA firm or office thereof including required licensure for at least one owner, each owner personally engaged and each individual CPA from another state engaged in the practice of public accountancy for a Mississippi client [3.1.3.(b)];
 - Add wording to provide requirements for a CPA firm with non-licensee owners including: (1) designated Mississippi licensee responsible for firm registration, (2) all non-licensee owners must be natural persons and active individual participants in the firm, (3) all non-licensee owners are identified and do not hold more than 49% of the firm financial interest or voting rights, (4) all services are under the charge of a Mississippi CPA licensee, (5) all services are performed within the requirements set in statute and the professional standards for such services; (6) non-licensees shall not use or assume the title certified public accountant, CPA or any other words to be confused as a licensee, (7) non-licensees shall not have ultimate responsibility for the performance of audits, reviews, compilations or other forms of attestation related to financial statements and may not use language which is conventionally used by licensees in reports on financial statements; (8) non-licensee owners are responsible for compliance with the Act and Rules and Regulations; and (9) the firm complies with other requirements as set by the Board.
 - Amend wording concerning firm registration as soon as possible, but no later than 30 days after beginning a new Mississippi domiciled CPA firm and add wording concerning required registration of CPA firm or office located outside of Mississippi [3.1.4.];
 - Add wording to emphasize required peer review in order to register a CPA firm [3.1.6.(a)];
 - Add section concerning foreign CPA firms, whether domiciled in or outside of Mississippi, must file with applications and renewals - current corporate certificate of authority or certificate of

VI. Rules and Regulations

1. Proposed Changes - Chapter 3, CPA Firm Permits

registration with the Mississippi Secretary of State, the registrations must agree to the Board records, and satisfy other requirements of the rules and regulations including firm name restrictions [3.1.6.(b)];

- Delete wording related to entity types concerning failure to apply or register [3.1.8.];
- Amend disclaimer language for not-qualified firms to “This firm is not a CPA firm” rather than previous disclaimer as “Not qualified to register . . .” [3.1.9.];
- Provide additional determinants requiring notice to the Board within thirty days of occurrence [3.1.10.];
- Add wording to accentuate that a CPA firm may not conduct business under a name other than the firm name registered with the Board for the CPA firm permit and a firm shall not place any speciality or restricted words sufficiently close to the firm name to confuse it as part of the firm name [3.1.11.(a)];
- Add wording addressing requirements for a foreign CPE firm to comply with the firm name requirements, register same with the Secretary of State, and provide documentation with registration, delete section listing misleading name examples [3.1.11.(b)];
- Amend sections to require only present or previous CPA owners’ names be included as part of a CPA firm name [3.1.11.(c), (e), (f)];
- Delete section related to restrictions concerning “and company” or “and associates” [previous 3.1.11.(g)];
- Delete sections listing specific name provisions related to form of organization now referring to other laws in section 3.1.2. [3.1.11.(j), (k), (l), (m)];
- Add section to emphasize current provisions for exemption of CPA firm registration for a firm domiciled and licensed from another state that meets the temporary, incident provisions and does not have an office in the state [3.1.13 - 3.1.14.];
- Delete previous sections 3.2.1. - 3.2.5. related to types of firms to register; renumber section related to sole proprietors acting as a practice unit [3.1.15.];
- Amend definition of owner and renumber remaining sections.

2. The Board members present discussed the administrative procedure requirements and unanimously approved release of the proposed amendments the week of May 1, 2007, receiving written comments before May 25, and proposed adoption at the next Board meeting May 30, 2007. The proposed effective date of the Chapter 3 amendments is July 1, 2007.

VII. Regulatory Matters

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from March 23, 2007, to April 27, 2007:

VII. Regulatory Matters (Continued)

1. Regulatory Activities:

<u>Activity</u>	<u>Number</u>
Cases Opened	4
Cases Closed	9
Cases referred to Members	4
Total Cases Open	28

2. Cases closed

Cases 2006.29-6, 2006.29-14, 2006.29-48, 2006.29-61 and 2006.29-117 - opened September 20, 2006. Licensees did not send in the 2006 CPE reporting forms by the August 1 reporting deadline. The licensees each had at least two prior CPE disciplinary cases and were noticed of the complaint and a November 17, 2006, Trial Board hearing. Based on the testimony and evidence, the Trial Board ordered each licensee to obtain additional CPE hours as penalty and to reimburse the administrative and legal costs associated with the case. After Board as noticed the individuals' compliance and release the order at the March 23, 2007, meeting.

Case 2006.31 - opened October 26, 2006. A former licensee was listed as a CPA on a state agency business card. The Investigator closed the case with no probable cause to investigate further after the individual responded to a Board correspondence documenting his removal of the CPA designation from his business cards and affirming that he will not hold out prior to reinstatement by the Board. The individual also returned the cancelled license, copies of his new business card, and copies of business correspondent which did not contain the CPA designation.

Case 2007.01 - opened January 4, 2007. A nonlicensee was listed as a "certified tax preparer" in a newspaper advertisement. The Investigator send a cease and desist letter and closed the case with no probable cause to investigate further after the individual responded affirming her error and had corrected her advertisement.

Case 2007.22 - opened March 13, 2007. A nonlicensee was listed in a newspaper clipping as a CPA campaigning to be elected as State Auditor. The Investigator

VII. Regulatory Matters (Continued)

2. Cases closed (Continued)

closed the case with no probable cause to investigate further after the nonlicensee responded to a Board letter that the reporter made the error and that he did not hold-out as a CPA. He submitted correspondence from the reporter that he had erroneously listed the respondent as a CPA.

Case 2007.24 - opened March 19, 2007. The Public Company Accounting Oversight Board (PCAOB) forwarded an inspection report to the Board related to a Mississippi CPA firm. The firm has twelve months to respond to the PCAOB. The Board closed the case and will monitor the Security Exchange Commission (SEC) website for possible release from PCAOB.

3. The Investigator reviewed the open case log by general description and reported on the investigative activities.

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member