

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
June 3, 2016

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on June 3, 2016, beginning at 8:30 a.m. The following record of that meeting was maintained.

Board Members Present

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

Board Staff Present

Ransom C. Jones, Executive Director
Andy Wright, Associate Director - Investigations

Legal Counsel Present

Gloria Green, Assistant Attorney General

Others Present

Ed Jones – MSCPA Representative

I. General

1. The Board opened the meeting with an invocation from Willie Sims.
2. The Board members discussed the Governor's appointment to the Board for the 2nd Congressional District. The Board noted that the Governor had not appointed a replacement yet.
3. The Board members unanimously approved the minutes from the April 22, 2016 meeting.
4. The Board members signed the CPA certificates of licensure from the April 2016 meeting.

I. General (Continued)

5. The Board reviewed tentative meeting/activity dates for 2016:

June 7-9	NASBA Eastern Regional – Asheville, NC
June 22-24	NASBA Western Regional – Denver, CO
June 23-26	MSCPA Annual Meeting – Destin, FL
August 12	8:30 a.m. Board Meeting
September 16	8:30 a.m. Board Meeting
Oct. 30 – Nov. 2	NASBA Annual Meeting – Austin, TX
November 18	10:00 a.m. Board Meeting
November 19	New CPA Ceremony
December 9	8:30 a.m. Board Meeting

6. The Board discussed draft reports on Board Activities to be presented by Angela Pannell, Vice Chair, at the NASBA Regional Meeting in Asheville, North Carolina during the regional break-out session and by David Miller, Chair, at the MSCPA Annual Convention.

II. National Regulatory Concerns

1. The Board reviewed the NASBA *State Board Report*, April 2016.
2. The Board reviewed the NASBA *State Board Report*, May 2016.
3. The Board reviewed a Board letter to Walter Davenport, Chair, NASBA Nominating Committee, dated May 3, 2016, signed by Board Chair David Miller giving unanimous support for the re-nomination of Jim Burkes for the position of NASBA Director-at-Large.
4. The Board reviewed a NASBA email dated May 16, 2016, from Carlos Johnson, Chair of NASBA Awards Committee inviting NASBA members to submit nominations for NASBA's annual awards for 2016.
5. The Board noted a NASBA email dated May 26, 2016, seeking individuals to submit their interest in serving as a Nominating Committee representative. The Board noted that Willie Sims was interested in serving on the committee.
6. The Board noted the NASBA *Highlights of the Board of Directors Meeting* (April 29, 2016)
7. The Board noted the NASBA *Regional Directors' Focus Questions Responses – Executive Summary* (January –April 2016)

II. National Regulatory Concerns (continued)

8. The Board reviewed NASBA email dated May 25, 2016: *NASBA Releases Official CPA Population Statistic*.
9. The Board discussed an Email dated May 13, 2016, from Sue Coffey, Senior V.P., AICPA, to Accountancy board E.D.s and Chairs with her update on *Evolving Peer Review Administration*.
10. The Board briefly discussed an Exposure Draft dated June 1, 2016, published jointly by AICPA and NASBA entitled *Amendments to UAA Section 6 - Recognition of Foreign Professionals and UAA Model Rules Article 5 - Changes for Examination*.

III. Administration

1. The Board reviewed the MSBPA Balance Sheets, Funds 3845 and 3850, as of May 31, 2016.
2. The Board reviewed the FY2016 Budget to Actual Comparison – Fund 3845, for the Eleven Month Period, Ended May 31, 2016.
3. The Board reviewed the Statement of Revenues and Expenditures, Fund 3845, for the Eleventh Month Period, Ended May 31, 2016.
4. The Board discussed MSBPA adoption of Resolution to Adopt the MS Deferred Compensation Plan (MDC). The Board voted unanimously to approve the MDC Joinder Agreement and to allow Board staff to participate in the MDC.
5. The Board discussed State Personnel Board guidance received that MSBPA should delay adoption of Board resolution requesting approval of certain non-appropriated reclassification and realignment of positions and salary increases. The Board decided to postpone the pay increases approved at the previous meeting and to include them in the Board’s FY 2018 Budget Request instead.
6. The Board reviewed the Director’s Plan for FY2017 operations.
7. The Board discussed the status of the LARS Online MSBPA IT Projects. The Executive Director stated that all Board license renewals, and all applications (licensing and exam) are now online and in operation.
8. Discussion of Other Business: The Board approved payment of all of Jim Burke’s per diem vouchers submitted during FY2016.

IV. CPA Examination, Licensing & Firms

1. The Board considered a request by candidate file number 14027, regarding the accounting concentration for educational requirement to take the CPA Exam. The Board approved the hours as qualifying and authorized the candidate to sit for the CPA examination.
2. The Board members unanimously accepted the listing of 80 candidate applications for the computerized examination (25 initial, 55 reexam) received since the April 2016 meeting.
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
13465	Hannah McWilliams Lewis	7251	Yes
13706	Brittany D. McGee	7252	Yes
12981	Fernando Javier Mejia	7253	Yes
13322	Stephen Michael Papania	7254	Yes
13489	James D. Shelton, Jr.	7255	Yes

Applications for Reciprocal CPA License

File	Name	Number	Action
13960	Tina Davis Hendry	R7256	Yes
14059	Erin Meador Johnson	R7257	Yes
14035	Justin Bradley Pelot	R7258	Yes
14026	Nicole Elise Rinaldi	R7259	Yes
14049	Anna Sharp	R7260	Yes

Applications for Reinstatement of CPA License

File	Name	Number	Action
05645	Paul A Burns	3869	Yes

IV. CPA Examination, Licensing & Firms (Continued)

3. Applications (continued)

Applications for CPA Firm Permit to Practice

Name	City, State	Number	Action
Pam Anderson CPA, PLLC	Madison, MS	7247	Yes
Bright CPA Firm, PLLC	Southaven, MS	7248	Yes
Philando Brown, CPA	Flowood, MS	7249	Yes
Pam S. Harrison, CPA	Meridian, MS	7250	Yes

Application for Reinstatement of a CPA Firm Permit to Practice

Number	Name	City, State	Action
F0708	Richard L. Taylor, CPA	Jackson, MS	Yes
F1461	Alfred L. Worthy, CPA	Olive Branch, MS	Yes

4. The Board considered a motion to approve the NASBA/Prometric proposal to open a CPA Examination testing center on the campus of Mississippi State University, Mississippi State, MS and on the campus of University of Mississippi, Oxford, MS. The Board then passed the motion unanimously.
5. The Board discussed the NASBA proposal regarding using NASBA CPAES but decided to continue to provide this service in-house.
6. The Board discussed and adopted the Board Staff Proposal to require the use of NASBA International Evaluation Services (NIES) for foreign credentialing effective July 1, 2016.

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
AFWA – Jackson Chapter			
1. What’s So Super About the Super Circular	12/18/15	1	Yes
2. Cash Flow Analysis	3/1/16	1	Yes
3. What Every CPA Needs to Know About the Unique Challenges For Today’s Clients	5/16/16	1	Yes

V. Continuing Professional Education (continued)

1. CPE Sponsor Applications (continued)

Sponsor/Title	Dates	Hours	Action
Beacon Hill Financial Educators, Inc. (QAS) 1. Ethics for Accountants: Mississippi	Self Study Online	4 Ethics (3 General 1 Rules)	Yes
Beta Alpha Psi, School of Accountancy USM 1. Accounting & Auditing Update 2. Ethics, Rules and Regulations	6/8/16 6/9/16	8 4 (3 General 1 Rules)	Yes Yes
Central MS Certified Fraud Examiners 1. Technology Challenges in Fraud	6/3/16	8	Yes
Checkpoint Learning (QAS) (formerly PassOnline) 1. Ethics for Mississippi CPAs	Self Study Online	4 Ethics (3 General 1 Rules)	Yes
Cpethink.com, Ltd. (QAS) 1. Ethics for Mississippi	Online Self Study	4 Ethics (3 General 1 Rules)	Yes
Jim Crockett 1. Accounting Ethics MS	Various	4 Ethics (3 General 1 Rules)	Yes
Estate Planning Council 1. Protecting and Preserving the Legacy of a Family-Owned Business 2. Understanding Captive Insurance 3. Market Panel 4. New Standards for Investment Advice in Retirement Accounts: DOL's Expanded Fiduciary Rule and Exemptions	1/12/16 2/9/16 3/8/16 5/10/16	1 1 1 1	Yes Yes Yes Yes
Horne LLP 1. Disaster Recovery: Intro to PA, EMAC & HMGP 2. Disaster Recovery: Intro to EMAC, HMGP & CDBG/NHP 3. Ethics Update (Quinton Booker)	4/21/16 4/27/16 5/3/16 6/1/16	1 1 4 Ethics (3 General 1 Rules)	Yes Yes Yes

V. Continuing Professional Education (continued)

1. CPE Sponsor Applications (continued)

Sponsor/Title	Dates	Hours	Action
KPMG LLP 1. 2016 KPMG Jackson Perspectives Conference	6/14/16	8	Yes
Nail McKinney Professional Association 1. Auditing Employee Benefit Plans	5/6/16	8	Yes
Office of the State Auditor 1. County Audit Training	5/10/16	6	Yes
T.E. Lott & Company 1. Ethics Consideration for the Accounting Profession	5/16/16	4 Ethics (3 General 1 Rules)	Yes
The University of Alabama 1. 40th Annual American Institute on Federal Taxation (approved in April for 20 hours; resubmitted for 21 hours)	6/22-24/16	21	Yes
Mississippi Society of CPAs 1. Advancing Accounting Education: An Accounting Educators' Symposium	10/30/15	8 hours, (including 1 Ethics Rules)	Yes

VI. RULES AND REGULATIONS

1. The Board members reviewed a copy of Senate Bill 2119 (MSBPA Accountancy Statutes) signed by the Governor.
2. The Board reviewed and commented on the batch of draft rules that need changing because Senate Bill 2119 was signed into law. These included Rules: 2.2.1.(a); 2.1.2.; 2.1.3.(a)(1); and the Chapter 10 definition of “attest.”
3. The Board reviewed and commented on an additional batch of draft rules that Board Members and Staff have classified as “possible 2016 Rules Changes.” These include Rules: 1.2.1; 3.1.3.(a); 3.1.3.(b), adding new item (4); 3.1.3.(c); 3.1.6.(b); 3.1.11.(b); new rule 6.1.7. (adopt AICPA Code of Conduct); and revision of the Chapter 10 definition of resident manager.
4. The Board authorized the Rules Committee to work with Board staff on a third batch of draft rules to be comprised of any additional potential Rules changes that Board members and/or Board staff believe need to be made.
5. The Board asked the Committee to work with Board staff to update the draft Rules based on comments made during the meeting. Board Members were asked to email any additional Rules changes, comments or suggested revisions to Mark Peach, Committee Chair, and to Andy Wright who will update the drafts and provide version control. The goal will be to present updated proposed Rules changes to the Board at the August 12, 2016, meeting so that they may be possibly approved as “Proposed Rules Changes” that day and forwarded to the Office of the Mississippi Secretary of State.
6. The Board also discussed posting the proposed Rules changes on the Board website, sending all licensees an email notice of the proposed Rules after they are approved by the Board, and also giving the Mississippi Society of CPAs any information about the Rules changes they may need to keep their members informed.

VII. Regulatory Matters

The Board heard a report from Investigator Andy Wright and approved the regulatory activities from April 22, 2016 to June 3, 2016:

Activity	Number
Cases Opened	7
Cases Closed ①	4
Cases referred to Members ②	2
Total Cases Open- End of Period	25

① Cases Closed:

Case 2015.173 was opened October 5, 2015 based on Board staff notation that the firm had received a fail peer review rating. We received a response from firm indicating their only work requiring peer review was the one compilation engagement and that they intended to cease all work that would require peer review. Based on this response, the case was closed via Stipulation and Consent agreement without discipline.

Cases 2016.03 and 2016.14 were opened February 2, 2016 based on licensee and her firm failing to abide by previous Board Orders and being debarred from practice before a federal agency. After proper legal notice of hearing, licensee failed to attend and license and firm permit were revoked via Board Order at the hearing on March 25, 2016. Case was closed on May 12, 2016 after licensee failed to appeal the Board's Order of Revocation.

Case 2016.21 was opened May 4, 2016 based on Board staff notation that a Mississippi CPA firm had identified an employee as a "CPA" in a newspaper ad, and staff was unable to locate the person in Board's database of active CPA's. The firm provided additional information and staff was able to locate the person in the database. The case was closed without discipline.

② Cases Referred to Members: Case 2016.16 was assigned to Willie Sims; Case 2016.17 was assigned to Mark Peach.

Andy Wright then discussed the active cases as presented on the *Open Case Log*.

VIII. Trial Board

1. The Board discussed the status of the Appeal of the Order of Revocation in Case 2015.06, 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 reviewed a copy of the Order Denying Motion to Dismiss dated May 16, 2016. The Appeal of the Board revocation order is still pending.
2. The Board reviewed an Executed Consent Order presented by the David Miller Investigative Committee for Board approval. The Case, #2014.49, involved a Ridgeland, MS CPA firm (Permit # F0572) that had failed to inform its peer reviewer of an employee benefit plan (EBP) audit includable in peer review year for year ended 6-30-2011; issued audited financial statements of an EBP that contained departures from GAAP; and failed to have all staff assigned to government audits obtain the appropriate CPE. The Order required Respondent firm to obtain an accelerated peer review for the year ended 6-30-2016 with possible future pre-issuance review if the peer review is not rated "pass"; provide documentation to the Board that all government audit staff have obtained appropriate CPE for the two year period ended 6-30-2016; and to pay a civil penalty of \$3,000.00 and administrative costs of \$2,100.00 within 30 days of Board execution of the Order. The Board voted unanimously to approve the Consent Order. David Miller was recused and did not vote.
3. The Board reviewed an Executed Consent Order presented by the Willie Sims Investigative Committee for Board approval. The Case, #2016.16, involved an Ocean Springs, MS CPA firm (Permit # F1042) that: failed to remain enrolled in the peer review program to obtain the required peer review for year ended 12-31-2014, though still performing work requiring peer review; stated to the Board on its 2016 Firm Permit Registration that no work requiring peer review was performed in previous 12 months when at least 5 engagements of that type were completed; and stated to the administrator of the peer review program in January, 2015, that no work requiring peer review had been completed since February 23, 2013, when at least 8 engagements of that type were completed during that time. The Order required: the Respondent firm to obtain the missed peer review with possible future pre-issuance review if the peer review is not rated "pass"; to refrain from any future false or misleading statements to the Board or the peer review program; and to pay a civil penalty of \$3,000.00 and administrative costs of \$900.00 within 30 days of Board execution of the Order. The Board voted unanimously to approve the Consent Order. Willie Sims was recused and did not vote.

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

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member