

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
July 25, 2008**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on July 25, 2008, beginning at 8:30 a.m. The following record of that meeting was maintained.

Board Members Present

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

Board Members Absent

Diane S. Day
Jean T. Shepherd

Board Staff Present

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

Legal Counsel Present

Onetta Whitley, Deputy Attorney General

Others Present

Jimmy Boyd, MAPA
Gary Walker, MSCPA

I. General

1. The Board opened the meeting with an invocation from Willie Sims.
2. The Board members present approved the minutes from the May 30, 2008, meeting.
3. The Board members present signed the CPA certificates of licensure from the May 30, 2008, 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 2008.

August 22	9:00	Task Force Meeting
September 26	8:30	Board Meeting
October 26-29		NASBA Annual Meeting
November 14		Board Meeting
November 15		CPA Presentation Ceremony
December 12		Meeting
5. The Board members had a general discussion related to meetings and conferences attended including the:
 - NASBA Eastern Regional Meeting, June 2008, and
 - MSCPA Annual Meeting, June 2008.
6. The Board members present approved attendance for members, Executive Director, Investigator, and Attorney for the NASBA Annual Meeting to be held October 26 - 29, 2008 in Boston, Massachusetts, and the NASBA Forum of International Accountancy Regulators October 28 - 30, 2008, also in Boston.
7. Board member Jim Burkes discussed NASBA's Compliance Assurance Review Board meeting to be held in Nashville, Tennessee, September 22, 2008.

II. National Regulatory Concerns

1. The Board reviewed and discussed the June 2008 NASBA *State Board Report*.
2. The Board members present discussed its nomination of Charles W. Taylor for the William H. Van Rensselaer Public Service Award as submitted July 2008.
3. The Board noted a June 30, 2008, NASBA email received regarding the Accountancy License Data Base (ALD).
4. The Board discussed the Spring 2008 publication - *Ethically Speaking*, submitted by the AICPA Professional Ethics Division.
5. The Board discussed an August 11-12 AICPA Peer Review Board open session meeting scheduled in order to approve guidance, handbooks, and manuals.

II. National Regulatory Concerns (Continued)

6. The Board reviewed and discussed the AICPA Peer Review Board white paper: *Navigating Through the Revised AICPA Standards for Performing and Reporting on Peer Reviews and Related Interpretations*.
7. The Board discussed the Public Accounting Oversight Board (PCAOB) Release entitled *Board Adopts Rules for Annual and Special Reporting*.

III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of June 30, 2008, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the twelve months ended June 30, 2008 (before lapse).
2. The Board members present reviewed and unanimously approved the draft budget request for the fiscal year ended June 30, 2010, for submittal to the Legislature and the Governor by August 1, 2008.
3. The Board heard a report from the Executive Director concerning the *5-Year Strategic Plan for the Fiscal Years 2010 - 2014*. Any comments from members will be included before submission to the Legislature and the Governor's Office August 15, 2008.
4. The Board discussed lodging contracts for overnight stays in Jackson. The staff will research other available hotels.
5. The Board members present unanimously approved additional per diem days for Willie Sims' attendance at the NASBA CPE Committee meeting in July 2008.

IV. CPA Examination, Licensing and Firms

1. The Board members present unanimously ratified the Window 2 - April - May 2008 CPA examination grades for 135 candidates, 178 examination sections. Twelve (12) candidates completed all four examination sections.

IV. CPA Examination, Licensing and Firms

2. The Board members present unanimously accepted the listing of candidate applications for the computerized examination (38 initial, 80 reexam) received since the May 30, 2008, meeting.
3. The Board reviewed and discussed a special candidate situation related to good moral character. Based on its evaluation, the Board members present unanimously approved the application to sit for the examination as a Mississippi candidate for #12234; however, determined to communicate to the candidate that the issuance of license is not guaranteed and a show cause hearing may be held. The charges considered included malicious mischief, resisting arrest, public intoxication, driving with a suspended license, destruction of public property under \$500, minor in possession of alcohol.
4. The Board unanimously acted upon the applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits as presented herein:

Applications for Original CPA License

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11994	Elizabeth Todd Jones	5914	07/25/08	Yes
12088	Clinton Gregory King	5915	07/25/08	Yes
12120	Lori Tameka Liddell	5916	07/25/08	Yes
12334	Emily McCoy McNeil	5917	07/25/08	Yes
12099	Melanie Dawn Morrow	5918	07/25/08	Yes
11266	Kallie Breanne Stacy	5919	07/25/08	Yes
11589	Jennifer Leigh Wilson	5920	07/25/08	Yes

Applications for Reciprocal CPA Licenses

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
12308	Nicole Lynn Heifner	R3380	07/25/08	Yes
12294	Mark Edward Larson	R3381	07/25/08	Yes
12344	Edward F. Lovill, Jr.	R3382	07/25/08	Yes
12279	Steven Wayne Stall	R3383	07/25/08	Yes

IV. CPA Examination, Licensing and Firms (Continued)

4. Applications (Continued)

Applications for Reinstatement of CPA Licenses

File Number	Name	Number	Approved
04928	Wayne A. Frazier	4254	Yes
11626	Jason Roy Nichols	5834	Yes

Applications for CPA Firm Permit to Practice

Name	Number	Approved
BKD, LLP Oxford, MS	F1178	Yes
Clifton Gunderson, LLP Jackson, MS	F1179	Yes
Cummings & Cummings Hattiesburg, MS	F1180	Yes
Deloitte & Touche LLP Boston, MA	F1181	Yes
Grant Thornton, LLP Raleigh, NC	F1182	Yes
Troy S. Griffin, CPA, PLLC Braxton, MS	F1183	Yes
Wm. F. Horne & Co., PLLC Laurel, MS	F1184	Yes
Jason S. Keenum, CPA, PA Pascagoula, MS	F1185	Yes
Rickert and Company, LLC CPAs Slidell, LA	F1186	Yes
Robert B. Sullivant, Jr., CPA Batesville, MS	F1187	Yes

IV. CPA Examination, Licensing and Firms (Continued)

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

<u>Name</u>	<u>Number</u>	<u>Description</u>
Barbich, Longcrier, Hooper & King, Accountancy Corporation Bakersfield, CA	F0937	Cancel Permit
Baumann & Company, PLLC Picayune, MS	F0147	Name & form change from Baumann & Rickert PA
BDO Seidman, LLP Memphis, TN	F0148	Address change
BKD, LLP Jackson, MS	F0680	Merge and name change from Smith, Turner & Reeves, PA
Joseph Decosimo and Co., PLLC Memphis, TN	F0875	Name change from Ison and Decosimo
Johnson, Bruce & Host, PLLC Jackson, MS	F1045	Cancel Permit - merged BKD, LLP
John Mark King, CPA, PA Grenada, MS	F0812	Name change from King, Kimbrell and Associates, PA and Address change
Shearer, Taylor & Co., PA Jackson, MS	F0660	Cancel Permit - merged BKD, LLP

6. The Board discussed the November 15, 2008, CPA Ceremony and potential keynote speaker.

7. The Board members present reviewed and unanimously approved two examination candidate extension requests as follows:

- 11619, James R. Palmer - extended AUD conditional credit through November 30, 2008, due to family health issues.
- 08380, JiaVonne Scott - extended REG and FAR conditional credits through November 30, 2008, due to family health issues.

8. The Board members present unanimously took the following actions related to requests for amendments to the 2008 CPE compliance requirements:

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Staci L. Cothran	4171	Extension to 9/30/08 - 22 CPE hours
Charles W. Ferguson	4181	Extension to 9/30/08 - 12 CPE hours
Katherine E. Friedman	3128	Extension to 9/30/08 - 12.5 CPE hours
Clark E. Grantham	5600	Extension to 9/30/08 - 36 CPE hours

IV. CPA Examination, Licensing and Firms (Continued)

8. CPE amendments (Continued)

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Liesa M. Holeman	4517	Extension to 12/31/08 - 20 CPE hours
D. Neil Magruder	1807	Extension to 12/31/08 - 14 CPE hours
Jason A. McCoy	4834	Extension to 9/30/08 - 4.5 CPE hours
Euley C. Rider, III	3770	Extension to 9/30/08 - 49.5 CPE hours
Claude S. Smith	3468	Extension to 9/30/08 - 9CPE hours
James B. Todd	4815	Waiver - military
Donna D. Wade	R2587	Extension to 9/30/08 - 6 CPE hours
Douglas A. Whittington	5796	Extension to 9/30/08 - 22.50CPE hours
Stephen Wickwire	5683	Extension to 9/30/08 - 10.5 CPE hours
Deborah H. Yates	2752	Extension to 9/30/08 - 1.5 CPE hours

9. The Board reviewed a listing of voluntary cancellations made by CPAs with CPE deficits and requested during the 2008 CPE reporting period:

<u>Name</u>	<u>Number</u>
Benjamin W. Cobb	R2989
Joseph W. Duchek	R3204 (compliant)
Jeffrey A. Hollingshead	3916
Justin J. Scanlan	R3122 (compliant)

10. The Board members present unanimously approved requests from CPAs for waivers of the 2008 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2009, as follows:

<u>Name</u>	<u>Number</u>
William E. Andrews	1047
Richard F. Barksdale	648
Marden B. Boyd	4484
Beverly W. Hembree	4625
Raymond B. May	898
James M. Sparrow	1880
Michael J. Zito	1012

IV. CPA Examination, Licensing and Firms (Continued)

11. The Board discussed the CPA examination fee increase and noted its July 10, 2008, related letter sent to candidates.
12. The Board discussed a June 26, 2008 email from Lisa Axisa, NASBA, regarding the draft 120/150 discussion paper.
13. The Board reviewed and discussed various information related to the CPA examination including:
 - July 17, 2008, AICPA email regarding new research task format;
 - June 24, 2008, AICPA Board of Examiners letter with Executive Summary and Actions related to proposed CPA Examination improvements;
 - July 7, 2008 letter from the Illinois Task Force on National Examination Preparedness.

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>Dates</u>	<u>Hours</u>	<u>Approved</u>
A.	Association of Government Accountants-Jackson MS Chapter			
	1. Using Internal Controls to Improve Operations	2/06/08	2	Yes
	2. Interviewing for Effectiveness	4/16/08	1	Yes
	3. Ethics in Government Finance	4/16/08	1	Yes
	4. Fraud & Abuse in Medicaid	5/21/08	2	Yes
	5. How Laws, Criminals and Technology are Changing Information Technology Audits	5/21/08	2	Yes
	6. Legislative Updates Geared Toward State Agencies	6/18/08	1	Yes
B.	Delta Chapter of MSCPA			
	1. Accounting and Auditing Update	5/15/08	8	Yes

V. Continuing Professional Education (Continued)

I. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
C.	Diamond Software			
	1. Microsoft Business Solutions- FRx 6.7 Report Design Essentials	1/30/08	6	No (1)
D.	May & Company, LLP			
	1. Technology Update	5/28/08	8	Yes
E.	Mississippi Banker's Association			
	1. How to Avoid Common Lending Violations	7/9/08	6	No (1)
	2. Bank Secrecy Act	Unknown	6	No (1)
F.	Mississippi Society of CPAs			
	1. Mississippi Technology Conference	5/12-13/08	16	Yes
	2. Accounting and Auditing Conference	5/16/08	8	Yes
	3. Program for Management Development	5/21-22/08	16	Yes
	4. Ethics, Rules and Regulations	6/26/08	3 Ethics General 1 Ethics Rules	Yes
	5. Accounting and Auditing Update	6/26/08	4	Yes
	6. Professional Issues Update - Pathways of the Professional	6/27/08	1	Yes
	7. The FASB Accounting Standards Codification	6/27/08	1	Yes
G.	MS State Hospital/ MS State Hospital Association			
	1. Overview of RAC: (Recovery Audit Contractors)	5/14/08	1	Yes

(1) Deferred for additional information.

V. Continuing Professional Education (Continued)

I. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
H.	Mississippi State University			
	1. Timber Tax Review and Estate Planning Basics Spring 2008	5/14/08 5/27/08 6/9/08 6/11/08	5.5	Yes
I.	Office of the State Auditor			
	1. County Audit Division Training	6/20/08	5	Yes
	2. Office of the State Auditor - Agency Audit Division Training	6/26/08	8	Yes
J.	Regions Morgan Keegan Trust			
	1. Tax Payers Under Assault	8/20/08 8/21/08	7	Yes
K.	Surgent McCoy CPE, LLC			
	1. Ethics for Mississippi	QAS Self Study	3 Ethics General 1 Ethics Rules	Yes
L.	T.E.Lott & Company, PA			
	1. Accounting and Auditing Update	5/15/08	8	Yes
M.	Western CPE			
	1. Ethics & Professional Conduct for Mississippi CPAs	QAS Self Study	3 Ethics General 1 Ethics Rules	Yes
N.	Wright CPA Group			
	1. Obtaining and Evaluating Audit Evidence	8/08/08	8	Yes

V. Continuing Professional Education (Continued)

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

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
A.	Healthcare Financial Management Association			
	1. RAC Awareness & Strategies Requested by Heather Davis	5/20/08	7	Yes
B.	Mississippi Technology Alliance			
	1. The Earmark Training Conference Requested by Tonya Klauser	5/13-15/08	18.6	Yes
C.	Western CPE			
	1. Ethics and Professional Conduct for Florida CPAs Requested by Corinna May	Self Study	4 Ethics General	Yes
D.	The Tax Advisor			
	1. Self-Directed IRAs: Advantages, Challenges and Options Requested by Richard Russell	Published Article	10	Yes

3. The Board reviewed a NASBA announcement related to the scheduled National CPE Expo 2009 to be held in San Antonio, September 21-23, 2009.

VI. Regulatory Matters

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from May 30 to July 25, 2008:

<u>Activity</u>	<u>Number</u>
Cases Opened	6
Cases Closed	3
Cases referred to Members	1
Total Cases Open	28

VI. Regulatory Matters (Continued)

2. Cases closed

Case 2007.17 - opened February 13, 2007. A former licensee was offering to perform and performing audit services for a Mississippi company while holding out as a CPA. The case was closed after the Board held a show cause hearing on May 25, 2008, related to a reinstatement application. The Board denied the reinstatement of the CPA license at this time through a Board order and assessed a civil penalty/fine and assessed the costs of the administrative hearing.

Cases 2007.20 and 2007.21 - opened February 27, 2007. Two licensees were allegedly involved in the audit of IMS Autrans, LLC of Canton MS (related to Case 2007.17). Both individuals had attested on their 2007 license renewal forms that they performed no public accounting work. The Investigator closed the cases due no probable cause to investigate further.

3. The Board heard a report from Investigator Ransom Jones concerning the monitoring of 2008 CPE reporting forms. 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 2008 compliance cases.
4. The Board members received a listing from the Mississippi Society of CPAs of CPA firms that are enrolled in the AICPA peer review program at June 30, 2008.
5. The Board heard a report from Executive Director Susan Harris that Peer Review Oversight Committee member Cecil Harper has agreed to remain on the committee for another term, July 2008 - June 2011. Other members on the committee and terms are: Darrell Galey, July 2006 - June 2009, and Lee Murphy July 2006 - June 2010.
6. The Investigator reviewed the open case log by general description and reported on investigative activities.

VII. 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 of holding a 9:30 a.m. administrative hearing related to complaint number 2008.07-A. The Board heard a report from Deputy Attorney General Onetta Whitney concerning the submitted consent order signed by respondent to 2008.07-A, Kenneth Mitchell Avery.

Mr. Avery agreed in the consent order that while serving as audit manager for Arthur Anderson LLP in connection with the audit of financial statements of WorldCom, Inc. for the fiscal year ending December 31, 2001, failed to comply with Generally Accepted Auditing Standards and the audit report falsely stated that WorldCom financial statements were presented in conformity with Generally Accepted Accounting Principles. The audit failed to detect the perpetration of a securities fraud by certain WorldCom employees who made approximately \$3 billion of inappropriate reductions of line costs by means of manual journal entries. Mr. Avery was suspended from appearing or practicing as an accountant before the Securities Exchange Commission (SEC) for a period of three years by the SEC April 24, 2008. The Trial Board determined and the consent order documented that these actions are violation of Rules and Regulations of the Board, Section 6.9.1., 6.10., 6.15.1., 6.15.2., and 6.17.13.

Upon motion by Rick Elam with second by Angela Pannell, the Board members present unanimously approved the consent order wherein Kenneth Mitchell Avery's CPA license for the practice of public accounting is revoked. The revocation shall run concurrently with the three year suspension imposed by the Securities Exchange Commission, and the license may be reinstated at the termination of the SEC sanction provided that Mr. Avery demonstrates compliance with the terms of the order and reinstatement requirements.

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

VII. Trial Board (Continued)

3. The Board reconvened as Trial Board for the purpose of holding a 10:00 a.m. administrative hearing related to complaint number 2008.07-B. The Board heard a report from Deputy Attorney General Onetta Whitney concerning the attorney's request for continuance of the administrative hearing to the September 26, 2008, Board meeting.

Upon motion by Angela Pannell with second by Rick Elam, the Board members present unanimously approved the continuance of the hearing for complaint 2008.07-B to September 26, 2008. Votes were for: Willie Sims, Rick Elam, David Clarke, Angela Pannell; Recused: Jim Burkes; and Absent: Diane Day and Jean Shepherd.

4. The Board reviewed a July 20, 2008, request from Charles Wells related to the June 23, 2008, Board order. Per that order, Mr. Wells was denied reinstatement of a license to practice public accounting and assessed a civil penalty of \$5,000.00 and related costs of \$1,714.00 to be paid within thirty days from the date of the order.

Mr. Wells requests that he be given until January 31, 2009, to pay the civil penalty and reimburse the costs. Upon motion by David Clarke with second by Jim Burkes, the Board members present unanimously granted the requested extension. Votes were for: Rick Elam, David Clarke, Jim Burkes, Angela Pannell; Recused: Willie Sims; and Absent: Diane Day and Jean Shepherd.

5. 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