

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
August 15, 2014

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on August 15, 2014, beginning at 8:30 a.m. The following record of that meeting was maintained.

Board Members Present

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

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
Marletha Wilson, Intern AG

Others Present

Ed Jones, MSCPA
Josh Norris, Advisory Board MSCPA

I. General

1. The Board opened the meeting with an invocation from Willie Sims.
2. The Board members present, with the exception of Angela Pannell who abstained, unanimously approved the minutes from the May 23, 2014 meeting.
3. The Board members signed the CPA certificates of licensure from the May 2014, meeting.

I. General (Continued)

4. The Board set next and tentative meeting/activity dates for 2014:
 - September 19 9:00 a.m.
 - November 2-5 NASBA Annual Mtg
 - November 14 10 a.m. Jackson State University campus
 - November 15 CPA Ceremony at New Capitol
 - December 12 8:30 a.m.

5. The Board members reviewed and approved attendance for the NASBA Annual meeting in Washington, D.C., to be held November 2-5, 2014, for Board Chair Rick Elam, Members David Miller and Willie Sims, Board attorney Onetta Whitley, and Executive Director Ransom Jones. The Board also approved attendance for the following persons whose travel expense will be paid by NASBA: Board Vice Chair Jim Burkes, and Associate Director, Investigations Andy Wright.

6. The Board asked the Executive Director to publish in the Board's October Newsletter an article to be written by Chair Rick Elam and Vice Chair Jim Burkes on the subject of the AICPA Ethics Rule 101-3 regarding Non-attest Services and changes in the AICPA Professional Ethics Code regarding the preparation of financial statements which will become effective December 15, 2014.

II. National Regulatory Concerns

1. The Board noted the AICPA's State Regulation and Legislation Team Advisory Notice to CPA firms on Registration and Compliance.

2. The Board noted the NASBA Release dated August 5, 2014: "National Accounting Association Supports Accounting Education Research Through Annual Grants Program."

3. The Board noted the NASBA letter dated July 2, 2014, from Colleen Conrad regarding "Request for Licensure Lists for inclusion in the 2014 Practice Analysis Survey."

4. The Board noted a Copy of "Permission to Utilize Licensee Database (ALD) data for 2014 Uniform CPA Examination Practice Analysis" signed by MSBPA Executive Director.

5. The Board noted the May, June and July 2014, NASBA State Board Reports.

II. National Regulatory Concerns (Continued)

6. The Board noted a Copy of Accounting Today article dated August 5, 2014, titled “H&R Block reached out to Attract Accounting Firms.
7. The Board noted an email dated August 7, 2014, from AICPA regarding “Enhancing Audit Quality Discussion Paper.”

III. Administration

1. The Board reviewed a Balance Sheet by Fund as of July 31 2014, for Funds 3845 and 3850. The Board then reviewed the Revenue and Expenditure Report by Cost Center for Fund 3845 for the month ended July 31, 2014, and also the FY 2015 Appropriation/Actual Expenditures for the 1 month ended July 31, 2014.
2. The Board discussed MSBPA IT project status: Updates on ITS LARS Licensing Database Progress; Data Capture Project; Online CPE Reporting Form Project. The Board discussed timeline for development, testing and implementing the MSBPA (ITS) LARS Licensing Database System.
3. The Board reviewed and discussed the FY 2016 budget request as sent to the Legislative Budget Office on August 1, 2014. Because the proposed budget included personnel matters, the Board voted to go into Executive Session. In Executive Session, the Board discussed and voted on the personnel matters. The Board then came out of Executive Session and announced the personnel actions taken by the Board while in Executive Session. The Board then voted to approve the FY 2016 budget request as presented.
4. The Board discussed the cost of the new AT&T T-1 data line connection to ITS. The Board compared the monthly cost of \$140 for the old connection to the cost of the new connection of \$561.81 per month. The Board asked the Executive Director to look into bidding the service out to get a better price.

IV. CPA Examination, Licensing and Firms

1. The Board members unanimously ratified the Window 2 - April - June 2014 CPA examination scores for 159 candidates, 201 examination sections. Twenty Two (22) candidates completed all four examination sections.
2. The Board members present unanimously accepted the listing of 139 candidate applications for the computerized examination (32 initial, 107 reexam) received since the May meeting.
3. The Board reviewed 5 special considerations:
 - Approved two refund requests for examination fees, File #13637 and File #13661
 - Denied extension of grade expiration request, File #11668
 - Approved two candidate applications, File #13490 and File# 12988 for the CPA examination related to good moral character
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 No</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
13396	Colby Daniel Bass	6374	Yes
13057	Emily Joy Baughman	6375	Yes
13498	Mitchell Clint Brown	6376	Yes
13450	Katie Lynn Carona	6377	Yes
13401	Eric Scott Casperson	6378	Yes
13302	John Miller Dendy	6379	Yes
13462	Nicholas Shaughnessy Dubuisson	6380	Yes
13427	Jessica Mary Gallagher	6381	Yes
12343	Mallory Nichole Jackson	6382	Yes
10800	Michael Christopher Knox	6383	Yes
13156	Matthew Neal Malone	6384	Yes
13388	Joyce Marie Martinez	6385	Yes
13366	Amanda Michelle Matson	6386	Yes
13381	Jonathan Todd Merchant	6387	Yes

IV. CPA Examination, Licensing and Firms (Continued)

Applications for Original CPA License (continued)

<u>File No</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
13272	Clayton G. Moore	6388	Yes
13268	Kayla Therese Rainey	6389	Yes
13351	Ashley Galloway Smith	6390	Yes
13348	John Samuel Stewart	6391	Yes
12144	Robert McGahey Whitaker	6392	Yes
13224	Robert David Zischke	6393	Yes

Applications for Reciprocal CPA Licenses

<u>File No</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
13638	Christopher Blake Barksdale	R3651	Yes
13664	Fatima Amanda Chase	R3652	Yes
13645	Kaitlin A. Dennis	R3653	Yes
13642	Leigh McGowan Ford	R3654	Yes

Applications for Reinstatement of CPA Licenses

<u>FileNo</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
09501	Charles A. Branch	5135	Yes
00808	Phillip R. Brooks	2228	Yes

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Charles A. Branch, CPA, LLC Oxford, MS	F1678	Yes
Cone & Smith, PC Rainbow City, AL	F1679	Yes
Richard Conrad, CPA, LLC Laurel, MS	F1680	Yes

IV. CPA Examination, Licensing and Firms (Continued)

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
DelBrocco & Associates, PLLC Memphis, TN	F1681	Yes
Hamlin & Company, PLLC Ridgeland, MS	F1682	Yes*
Amanda Dawn Mathis, CPA Natchez, MS	F1683	Yes
Cora J. Peavie, CPA Walnut Grove, MS	F1684	Yes
Sarah S. Prewitt, CPA Jackson, MS	F1685	Yes
Watkins Ward and Stafford, PLLC Columbus, MS	F1686	Yes
Watkins Ward and Stafford, PLLC Eupora, MS	F1687	Yes
Watkins Ward and Stafford, PLLC Houston, MS	F1688	Yes
Watkins Ward and Stafford, PLLC Louisville, MS	F1689	Yes
Watkins Ward and Stafford, PLLC Macon, MS	F1690	Yes
Watkins Ward and Stafford, PLLC Okolona, MS	F1691	Yes
Watkins Ward and Stafford, PLLC Philadelphia, MS	F1692	Yes
Watkins Ward and Stafford, PLLC Pontotoc, MS	F1693	Yes
Watkins Ward and Stafford, PLLC Starkville, MS	F1694	Yes
Melissa G. Womack, CPA Brandon, MS	F1695	Yes
Beverly C. Winstead, CPA PA Columbia, SC	F1696	Yes

* Pending receipt of funds.

IV. CPA Examination, Licensing and Firms (Continued)

Application for Reinstatement of a CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Bellenfant & Miles, PLLC Brentwood, TN	F1284	Yes*
Palazzo and Company, PLLC Biloxi, MS	F1047	Yes
Donna O. Parmegiani, CPA LLC Canton, MS	F1460	Yes
Michael L. Thompson, CPA, PLLC Brandon, MS	F1555	Yes

* Pending receipt of funds.

Amendments to Registered Firms

<u>Name</u>	<u>Number</u>	<u>Description</u>
Lawrence A. Gnemi, CPA Greenwood, MS	F0332	Cancel
Dorothy C. Hart, CPA Austin, TX	F0368	Cancel
Rhodus CPA Group, LLC Madison, MS	F1283	Name Change from Rhodus CPA, PA
Watkins Ward and Stafford, PLLC Amory, MS	F1006	Address Change

- The Board considered and approved a refund request for a refund of reinstatement fees for file #01125.
- The Board members took the following actions related to requests for amendments to the 2014 CPE compliance requirements and granted extensions to September 30, 2014:

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Willard Barger	5226	58 CPE hours
Frederick Broyles	2547	15.5 CPE hours
Sarah Buffington	3447	24 CPE hours
Toby A. Butler	5345	49 CPE hours

IV. CPA Examination, Licensing and Firms (Continued)

6. Requests for amendments (continued)

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Anthony Cuccia	5078	30 CPE hours
Andrew Groscost	R3305	30 CPE hours
Suzanne McCaffrey	R2330	0 CPE hours
Lori D. Miller	R3024	13 CPE hours
Douglas Mullens	2434	36 CPE hours
Stacy Orman	5395	54 CPE hours
Betty Lou Reeves	R2025	3.8 CPE (for 6/30/13 compliance)
Rachel Sanders	5691	1 CPE hour
Amy Wilkins	5722	7 CPE hours

7. The Board members took the following actions related to requests for waivers and penalty waivers to the 2013 CPE compliance requirements:

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Charles Benvenuti	2526	Extension to 9/30/14 - 7 CPE hours
Joe H. Hodge	1654	Extension to 9/30/14 - 20 CPE hours
Judy Walker Lee	3105	Extension to 9/30/14 - 12 CPE hours
Lurate Yerger	6099	Defer
Karen M. Lyles	5127	Waiver - Medical
Kay Olliver	5138	Extension to 9/30/14 - 31.5 CPE hours
Paul C. Shelton	2175	Extension to 9/30/14 - 20.5 (must apply for Retired Status for 1/1/2015)
Joel Travelstead	4227	Extension to 9/30/14 - 27 CPE hours
Lauren Trussell	6055	Extension to 9/30/14 - .5 CPE hours

IV. CPA Examination, Licensing and Firms (Continued)

8. The Board members present unanimously approved requests from CPAs for waivers of the 2014 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2015 as follows:

<u>Name</u>	<u>Number</u>
Valerie Majors Box	2225
Rudolph Floyd Franks	0822
Sharon R. Gatlin	2010
James T. Grantham, Jr.	1543
Robert E. Harper	2983
Robert T. Jackson, Sr.	3629
Linda Wilburn McFall	2479
Guy W. Moore, Jr.	1575
Cheryl M. Nelson	2060
John W. Newman	1951
Rhonda Norris	2371
Philip Michael Pela	2255
Marlin B. Rains	R1366
Ronald D. Robinson	2188
Ada C. Rodrigue	990
Joseph J. Schultz, Jr.	1134
Robert Hill Scott	900
James Roy Taylor	1035
Dianne Williams	3374

9. The Board reviewed a listing of voluntary cancellations made by CPAs requested during the 2014 CPE reporting period:

<u>Name</u>	<u>Number</u>
John B. Beard	3477 (compliant)
Bert E. Bridges, Jr.	1970 (compliant)
Judith Cassidy	3998 (compliant)
Angela P. Lipscomb	R2839 (compliant)
Nelly Galloway Shearer	R1385 (compliant)

IV. CPA Examination, Licensing and Firms (Continued)

10. The Board discussed the new Prometric Testing Center scheduled to open August 15, 2014, at Jones County Junior College, Ellisville, MS.

V. Continuing Professional Education

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

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
A.	Beta Alpha Psi, School of Accountancy			
	1. Accounting and Auditing Update	6/4/14	8	Yes
B.	Bisk CPE Easy (QAS)			
	1. Ethics Standards for Mississippi CPAs	Online Self Study	4 Ethics (3 General 1 Rules)	Yes
C.	Central Chapter of MSCPA		8 inc.	
	1. Ethics, Rules & Regulations/ABC's of Estate Planning	5/1/14	4 Ethics (3 General 1 Rules)	Yes
D.	Delta Chapter of MSCPA			
	1. 2014 Accounting and Auditing Update (For Nonissuers)	5/22/14	8	Yes
E.	Department of Revenue			
	1. 2014 Legislative Update Seminar	Various	3	Yes
F.	Harper Rains Knight & Company PA			
	1. Annual Longshore Conference	3/20-21/14	13.8	Yes

V. Continuing Professional Education (continued)

1. Sponsor Applications (continued)

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
G.	Jones Companies			
	1. Foundations of Uncommon Leadership	10/15/13	8	Yes
	2. The Oz Principle Accountability Training	12/10/13	8	Yes
	3. Crucial Conversations	1/14 & 2/11/14	16	Yes
	4. Dealing With People	3/11/14	8	Yes
	5. Developing People	6/24/14	8	Yes
H.	MGMA of Mississippi			
	1. MGMA of Mississippi 2014 Summer Conference	6/25-27/14	9	Yes
I.	May & Company, LLP			
	1. Encrypted Email Training - How to Effectively Use ShareFile	7/15/14	1	Yes
J.	Mississippi Association of Public Accountants			
	1. Fundamentals of Estate Planning	5/22/14	1	Yes
	2. MAPA/TAA Joint Convention	6/26-28/14	12	Yes
K.	Mississippi Society of Certified of Public Accountants			
	1. Ethics in Our Profession: Our Role as Stewards of Mississippi	6/12/14	4 Ethics (3 General 1 Rules)	Yes
L.	Office of the State Auditor			
	1. Ethics, Rules & Regulations (Dr. Quinton Booker)	4/22/14	4 Ethics (3 General 1 Rules)	Yes
	2. Governmental Accounting and Auditing Update & Common Blunders in Audits of Governmental Entities	4/23-24/14	16	Yes

V. Continuing Professional Education (continued)

I. Sponsor Applications (continued)

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
M.	Pass Online (QAS)			
	1. Ethics for Mississippi CPAs	Online Self Study	4 Ethics (3 General 1 Rules)	Yes
N.	Petroleum Accountants Society of MS			
	1. Severance Tax in Mississippi	5/28/14	1	Yes
O.	Southern Farm Bureau Life			
	1. Review of 2013 Actuarial Valuation Results and Current Issues	6/4/14	3	Yes
P.	WealthPartners			
	1. True Cost of 401k Plans - Are there hidden fees?	5/13/14	1	Yes
	2. Qualified Retirement Plans Understanding Your Fiduciary Duty	6/19/14	1	Yes
Q.	Western CPE Self Study (QAS)			
	1. Real-World Ethics for Mississippi CPAs	Online Self Study	4 Ethics (3 General 1 Rules)	Yes

V. Continuing Professional Education (continued)

2. Individuals Requests (continued)

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
A.	Journal of Economics and Economic Education Research (JEER)			
	1. Effect of Inventory Management Efficiency on Profitability: Current Evidence from U.S. Manufacturing	Publication co-author	40	Yes
	<i>Requested by Dr. Kevin Ennis</i>			
	The CPA Journal			
	1. SEC Cybersecurity Disclosure Guidance Is Quickly Becoming a Requirement	Publication co-author	30	Yes
	<i>Requested by Gerry Grant</i>			
B.	LexisNexis Publishing			
	1. Bender's 2014 Payroll Tax Guide	Publication	18	Yes
	2. Employee Compensation and Benefits Tax Guide	co-author	20	Yes
	<i>Requested by Bob Kilpatrick</i>			
C.	The CPA Journal			
	1. Qualified Production Activities Under IRC Section 199	Publication co-author	10	Yes
	<i>Requested by Wayne E. Nix</i>			
D.	Journal of Accounting and Finance			
	1. An Extended Examination of the Effectiveness of the Sarbanes Oxley Act in Reducing Pension Expense Manipulation	Publication co-author	32	Yes
	<i>Requested by Paula Parker</i>			

V. Continuing Professional Education (continued)

2. Individuals Requests (continued)

	<u>Sponsor/Program Title</u>	<u>Dates</u>	<u>Hours</u>	<u>Approved</u>
E.	Journal of Accounting			
	1. A Comparison of the Ethical Behavior of Graduate Business Students Versus Undergraduate Business Students	Publication co-author	40	Yes
	Journal of Accounting and Finance			
	1. An Extended Examination of the Effectiveness of the Sarbanes Oxley Act in Reducing Pension Expense Manipulation	Publication co-author	40	Yes
	<i>Requested by Nancy Swanson</i>			
F.	Advances in Accounting			
	1. Small Firms and the value of improvements in corporate governance mechanisms	Publication co-author	40	Yes
	Journal of Accounting and Public Policy			
	1. The retention of directors on the audit committee following an accounting restatement	Publication co-author	40	Yes
	<i>Requested by Brian Carver</i>			

VI. Rules and Regulations

1. The Board discussed adding a new rule 1.2.2, under *Rule 1.1 Violations*, to classify reports using standard SAARS language issued by non-licensees as deceptive and therefore in violation of the act.

Provide “safe harbor” report language taken from UAA Model Rules.

- *Current Rule 1.2 Violations*
- *Excerpt from UAA, RE: safe harbor language*

VI. Rules and Regulations (continued)

2. The Board discussed amendment to *Rule 2.5.1 Retired Status*.
 - Marked up current Rule 2.5.1
 - *Excerpt from UAA, RE: “exceptions”*
3. The Board reviewed and discussed the existing *Rule 2.1.4(b)*, which allows background checks for CPA Licenses and approved charging a fee and initiating background checks.
4. The Board discussed the amendment to Rule 2.2.2 (CPA Exam Fees) to require background check on each initial examination applicant and charge applicants for the related fee.
5. The Board discussed the definition of CPA firm “Resident Manager”. The Board approved removing the last sentence from the definition which required the physical presence of the Resident Manager at each firm office.

II. Regulatory Matters

1. The Board heard a report from Investigator Andy Wright and approved the regulatory activities from May 23, 2014, to August 15, 2014:

<u>Activity</u>	<u>Number</u>
Cases Opened	8
Cases Closed	7
Cases referred to Members	7
Total Cases Open	26

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

Cases Closed:

Case 2014.14 was opened February 21, 2014, based on a MS permitted out-of-state firm receiving a fail peer review report. Firm had declined to have an accelerated peer review as stated in a follow-up review. TN Society peer review program issued acceptance letter and did not require an accelerated peer review. Firm stated that it had not performed any engagements of type requiring peer review in MS in three years and executed an affidavit to that affect at our request and agreed to notify us if performing any of those type engagements before its next peer review. Case closed upon receipt of signed affidavit.

Case 2014.16 was opened February 24, 2014, based on action against CPA's Alabama license. Communication from AL Board explained that the discipline was based on a new state law requiring all professional licensees to provide proof of legal residency in the U.S.. This CPA had not updated his address with AL Board; did not receive the notice and did not respond. He stated his intention was to surrender AL license, and did so after regaining good standing with Alabama. Our case was closed without disciplinary action.

Case 2014.18 was opened February 24, 2014, based on Alabama based CPA Firm's listing of a MS office on its web site that did not have a MS firm permit. Firm stated that this was only a "Utilities Consulting" office (separate division/ entity) and changed its listing and signs accordingly. Case closed with submission of documentation of the changes.

VII. Regulatory Matters(Continued)

Cases closed (continued):

Case 2014.23 was opened March 31, 2014, based on staff discovery of a TN office of a CA based CPA Firm performing a Government Auditing Standards audit for a MS based entity. Firm obtained a permit and executed a Stipulation and Consent agreement.

Case 2014.29 was opened April 8, 2014, based on complaint from former client claiming that the CPA had placed the interests of her ex-husband ahead of hers. With no evidence of rules violations, the case was closed.

Case 2014.31 was opened May 1, 2014, based on staff discovery of a newspaper ad for new firm that did not have a firm permit. After satisfactory application for firm permit and execution of stipulation and consent agreement, case was closed.

Case 2014.32 was opened July 9, 2014, based on discovery of GA CPA firm on DOL list performing audit of (apparent) MS based entity without a firm permit. Firm provided documentation that the entity was GA based and case was closed.

VIII. Trial Board

- I. At 1:00 p.m. Administrative Trial Board hearings were held concerning complaints related to an individual CPA's failure to report discipline in another state and CPA Firms' failures to timely acquire a firm permit:

The Board Considered the following Executed Stipulation and Consent Orders for Trial Board approval:

- A. Cases for which costs and assessments not yet paid;
Where Board staff recommended Board approval of Orders and permit /
license applications **subject to receipt of funds:**

Case # 2011.05: CPA had discipline against license in AL via an "Informal Settlement and Waiver" and failed to disclose this on MS license renewal.

Case # 2014.26 Out of state CPA Firm had performed government audits for MS based entity per the Federal Audit Clearinghouse. Firm had an expired MS permit.

Case # 2014.30: New firm that commenced operations on or about January 1, 2014 did not have a firm permit.

- The Trial Board reviewed and approved Executed Stipulation and Consent orders for Case #'s 2011.05, 2014.26, and 2014.30, subject to receipt of Civil Penalty Payments.

VIII. Trial Board (Continued)

B. Cases for which costs and assessments have been paid;

Where Board staff recommended Board approval of Orders and permit / license applications:

Case #'s 2014.17 and 2014.38: Out of state CPA Firms had performed government audits for MS based entities per the Federal Audit Clearinghouse.

Case #'s 2014.34 and 2014.36: Out of state CPA Firms had performed an employee benefit plan audit for a MS based entity per a Department of Labor listing.

- The Trial Board reviewed and approved Executed Stipulation and Consent orders for Case #'s 2014.17, 2014.38, 2014.34, and 2014.36.

2. Administrative Trial Board hearing was held concerning complaint related to a former licensee holding out and practicing as a CPA, preparing tax returns and signing as CPA. The Board Considered the following Executed Stipulation and Consent Order for Trial Board approval Subject to receipt of funds:

Case # 2014.22, Charles A. Branch, License Number 5135:

Respondent agreed not to hold out until license is reinstated and firm permit issued. Applications for license and permit were received with evidence of completion of CPE hours to cure deficiency. Respondent also agreed to reportable discipline and payment of costs / assessment in the total amount of \$2,500.00.

- The Trial Board reviewed and approved, subject to receipt of Civil Penalty Payment, the Executed Stipulation and Consent order for Case # 2014.22, as a reportable discipline.

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member