

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
June 1, 2005

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on June 1, 2005. The following record of that meeting was maintained.

Board Members Present

John P. Quon, Chairman
Jim E. Burkes, Vice Chairman
Willie B. Sims, Jr., Secretary
Diane S. Day
Rick Elam
Angela L. Pannell
Jean T. Shepherd (p.m.)

Board Staff Present

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

Legal Counsel Present

Onetta Whitley, Special Assistant AG

Others Present (a.m.)

Gary Walker, MSCPA
Rod Zeagler, Deputy State Auditor, OSA
Bill Doss, CPA, OSA

I. General

1. The Board opened the meeting with the invocation by Angela Pannell.
2. The Board members present unanimously approved the minutes from the April 29, 2005, meeting.
3. The Board members signed the certificates of licensure from the April 29, 2005, meeting.

I. General (Continued)

4. The Board members present acknowledged the next meeting time and reviewed the 2005 dates. The 2005 meeting and activity dates are as follows:

June 8 - 10		NASBA Eastern Regional
June 23 - 26		MSCPA Annual
July 29	8:30 a.m.	Meeting
August 26		Meeting
September 30		Meeting
Oct. 30 - Nov. 2		NASBA Annual
November 18		Meeting
November 19		Ceremony
December 16		Meeting
5. The Board members present discussed the roll-call report for the NASBA regional meeting and the report to be presented at the Mississippi Society of CPAs annual business meeting.
6. The Board members present noted information from the Council on Licensure, Enforcement and Regulation (CLEAR) concerning its 2005 Annual Conference but took no action.

II. National Regulatory Concerns

1. The Board members present reviewed the May 10, 2005, Memorandum from Sandy Wilson, Committee on Relations with Member Boards, and answered the focus questions due to each Regional Director July 6, 2005.
2. The Board members present reviewed the Board's May 2005 response to NASBA's Education Committee concerning its exposure draft of the Uniform Accountancy Act (UAA) Rules 5-1 and 5-2 concerning education requirements to qualify as a candidate for the CPA examination. Overall the Board expressed its concerns with the draft as difficult to interpret and confusing. The Board also noted the committee's extension of time to respond to the exposure draft through August 26, 2005, along with additional information.
3. The Board members present noted various correspondence from other Boards recommending or supporting individuals for nomination to NASBA Director positions. After discussion, the Board members present unanimously voted to support the nominations of Donald Roland for Director-at-Large and Michael Skinner for Southeastern Regional Director.

II. National Regulatory Concerns (Continued)

4. The Board reviewed but took no action concerning a May 9, 2005, email, requesting nominations for NASBA Van Rensselaer & Distinguished Service awards.
5. The Board discussed the May 17, 2005, NASBA email providing a internet link to the accountancy licensee data base (ALD) and discussing its current copying of public information from Board's web sites.
6. The Board reviewed and discussed information concerning the Public Company Accounting Oversight Board (PCAOB) including a Standing Advisory Group meeting to discuss implementation of PCAOB Auditing Standard 2, *An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements*, and additional guidance and policy statement on implementation of the standard.

III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of April 30, 2005, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the ten months ended April 30, 2005.
2. The Board reviewed and discussed Senate Bill 2020 (2005 2nd Extraordinary Session) as passed by the Senate providing the Board's 2006 spending authority.

IV. CPA Examination, Licensing and Firms

1. The Board members present unanimously ratified the listing of candidate applications for the computerized examination (155 initial, 44 reexam) received since the April meeting.
2. The Board members present unanimously acted upon the applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits as presented herein:

IV. CPA Examination, Licensing and Firms (Continued)

2. Applications (Continued)

Applications for Original CPA Licenses

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11013	Kelly McLain Allen	5716	6/1/05	Yes
11475	Ryan Christopher	5717	6/1/05	Yes
11586	Bartlett B. Clark			No (1)
10773	Jennifer Carol Garrett	5718	6/1/05	Yes
10232	Fred Morris, IV	5719	6/1/05	Yes
9550	Richard A. Woodard	5720	6/1/05	Yes

(1) Does not satisfy Mississippi licensure requirements.

Applications for Reciprocal CPA Licenses

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11630	Henry C. Agent			No (2)
11618	Carl Jefferson Fountain	R3095	6/1/05	Yes
11561	Cranson Paul Horst			No (2)
11610	Karen Tate Lloyd	R3096	6/1/05	Yes
11629	John William Marcus	R3097	6/1/05	Yes
11585	Tawni Michelle Rayman	R3098	6/1/05	Yes
11622	John Stepowoy, Jr.	R3099	6/1/05	Yes
11621	Sean Patrick Wessel	R3100	6/1/05	Yes

(2) Pending satisfaction of CPE requirement.

Applications for Reinstatement of CPA Licenses

File			
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
8490	Paul Christopher Benoit	4894	Yes
1102	Debora F. Letteri	3200	Yes

IV. CPA Examination, Licensing and Firms (Continued)

2. Applications (Continued)

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
John Stepowoy, Jr., CPA St. Paul, MN	F1032	Yes

3. The Board reviewed statistics for the computerized CPA examination for the first complete twelve months of administration, April 2004 - March 2005. There were 473 Mississippi candidates that sat for 665 sections of the examination. Of the 473 candidates 43 have completed all four sections of the examination, 212 sections were conditioned with a score of 75 or above. These statistics are a part of these minutes.
4. The Board reviewed and discussed a May 11, 2005, CBT status report as received from the National Association of State Boards of Accountancy including: CBT alert related to Gateway data base difficulties; Contract Steering Group letter concerning problems with CBT blocking files; issues and responses from the Executive Directors conference; candidate bulletin update; Prometric sites update; and other related items.
5. The Board also reviewed and discussed a May 17, 2005, letter from Craig Mills, AICPA Executive Director, Examinations, providing the AICPA's responses to six issues by Boards related to the CBT including: simulation design problems; rescore decisions related to candidate errors with simulations; continuation and improvement of simulations; weaknesses and deficiencies of the candidates' performance report to be corrected; costs of the computerized examination; and web casts format.
6. The Board reviewed and discussed a May 20, 2005, letter from the Contract Steering Group to the Nebraska Board including: justification of exam fee increases; speeder score releases; and surveys of candidates.
7. The Board members received a copy of the Spring 2005 *Uniform CPA Examination Alert* from the AICPA.
8. The Board reviewed the May 26, 2005, email from NASBA concerning a new survey for CBT candidates and requests for comments and suggestions.

IV. CPA Examination, Licensing and Firms (Continued)

9. The Board reviewed and approved a request from candidate 11525, Fangqin Song, for an extension of her NTS for REG until January 10, 2006, due to medical complications.
10. The Board reviewed and approved the following examination applications with special education considerations - two candidates with foreign credentials and one candidate with military credits:
- | | |
|-------|--------------------|
| 11573 | Diane Li Fagan |
| 11628 | Chunfang Zhu |
| 11551 | Jarred Hunter King |
11. The Board heard a report from the Executive Director Susan Harris concerning letters that were mailed to all examination candidates May 17, 2005, explaining the Prometric fee increase and forwarding updated examination applications effective June 1, 2005.

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.	AICPA Employee Benefit Plan Audit Quality Center WEBCAST at Nail McKinney CPAs				
	1. Planning for 2005 ERISA Audits	5/3/05	A&A	2	Yes
B.	Alexander, Van Loon, Sloan, Levens, & Favre, PLLC				
	1. Seventh Annual Accounting and Auditing CPE Seminars	5/26-27/05	A&A	16	No (1)
C.	Assoc. of Government Accountants				
	1. Program Integrity	5/18/05	Other	1	Yes
	2. Business Contingency Planning	4/20/05	Other	1	Yes

(1) CPE course delayed to June and approval pending additional information

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.	Institute of Internal Auditors - Central MS				
	1. Enterprise Risk Management	6/28-29/05	A&A	15	No (2)
E.	May & Company				
	1. Identity Theft Seminar	5/17/05	Other	1	Yes
F.	MSCPA - Central Chapter				
	1. Managing the Financial Impact of the Aging Process	7/15/04	Other	1	Yes
	2. State of the Accounting Industry - Trends, Challenges & Opportunities	8/25/04	Other	1	Yes
	3. Tax Practitioners Update 2004	10/21/04	Tax	1	Yes
	4. Embezzlement in Mississippi	11/18/04	Other	1	Yes
	5. Health Savings Account	3/17/05	Other	1	Yes
	6. Current Mississippi Legislation Rep Cecil Brown	4/21/05	Other	1	Yes
	7. How to Steal From the Boss - An Update on Occupational Fraud	5/19/05	Other	1	Yes
G.	MSCPA - Gulf Coast Chapter				
	1. Ethics and Professional Code of Conduct	6/15/05	Ethics - Rules	4	Yes
H.	Patterson School of Accountancy University of Mississippi				
	1. Accountancy Weekend	4/29/05	Ethics - General	2	Yes
			A&A	4	
			Tax	2	

(2) Pending additional information related to the course.

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.	Professional Publishing Group (Valrico, FL)	Self - Study	Ethics - General	3	No (2)
	1. Ethics for Mississippi CPAs				
J.	State of Mississippi Office of the State Auditor				
	1. County Audit Section - Regional Staff CPE Training	5/2/05	A&A	8	Yes
	2. Conducting Government Audits Under GAAS, GAGAS and the Single Audit	4/19/05	A&A	8	Yes
	3. 2005 Governmental Accounting and Auditing Update	4/20/05	A&A Ethics - General	5 3	No (2)
	4. State Laws and Regulations Update	4/21/05	A&A Other	2 6	Yes
	5. Agency Audit Section - Single Audit Training	5/10/05	A&A	8	Yes

(2) Pending additional information related to course.

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.	AGA Southeastern Region Professional Development Conference				
	1. Ethics: Is it Really That Tough? By Frank Crawford (2 hours out of the program entitled Promoting Peak Performance) <i>Requested by Cynthia Hartsell</i>	3/3/05	Ethics - General	2	Yes

V. Continuing Professional Education (Continued)

2. CPE Individual Requests (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
B.	Edward Jones Professional Education Network				
	1. Ethical Issues in Your Practice <i>Requested by David W. Jones</i>	9/8/04	Ethics - General	3	Yes
C.	H&R Block Tax Training School				
	1. Retirement Plans <i>Requested by Adam Bunch</i>	9/15 - 10/6/04	Other	12	Yes
D.	Mississippi Power Company				
	1. The Seven Habits of Highly Effective People <i>Requested by Aimee McLendon</i>	11/04	Other	26	No (1)
E.	Mississippi University for Women				
	1. Microsoft Excel Level 1	6/4, 11/05	Other	12	Yes
	2. Microsoft Excel Level 2 <i>Requested by Mike Crowder</i>	6/14, 16, 21, 23, 28/05	Other	10	Yes
F.	North Mississippi Casino Security/Surveillance Association				
	1. Facility Security Seminar <i>Requested by Jeffrey Aldridge</i>	6/13 or 6/14/05	Other	4	Yes
G.	Rockhurst University				
	1. The Sales Use & Tax Seminar <i>Requested by Kirstie Evans</i>	1/14/05	Other	7	Yes
H.	The CPE Store				
	1. What the IRS Doesn't Want You to Know <i>Requested by Rhonda Hanby</i>	Self-Study	Tax	15	No (2)
I.	CCH				
	1. Alternative Minimum Tax for Individuals <i>Requested by Kristen Byrd</i>	Self-Study Quizzer	Tax	4	No (2)

(1) Personal development subject not allowed for continuing professional education.

(2) Does not satisfy Board CPE program requirements.

V. Continuing Professional Education (Continued)

3. The Board reviewed and discussed a April 29, 2005, letter from Walter Davenport, Chair, NASBA CPE Advisory Committee, to RIA denying its appeal of the decision to disapprove the Federal Tax Handbook quizzer as CPE. The RIA quizzer does not meet the *AICPA/NASBA Statement on Standards for Continuing Professional Education Programs*.
4. The Board reviewed and discussed a May 26, 2005, email from Yordanos Dumez, Director, NASBA Compliance Services, forwarding a document which outlines the best practices in CPE compliance. The Board determined that its CPE compliance requirements and monitoring already include the recommended practices including detailed and itemized reporting; CPE audits; penalties for noncompliance, and reporting deadlines set before license expiration and renewals.
5. The Board reviewed and approved a draft quick poll to be sent to other Boards of Accountancy requesting information concerning certain definitions, rules and policies related to CPE.
6. The Board heard a report from Executive Director Susan Harris that CPE reporting forms for the compliance period ending June 30, 2005, were mailed to all licensees May 13, 2005. The deadline for submittal is August 1, 2005.

VI. Regulatory Matters

1. At 9:00 a.m. the Board welcomed the staff from the Office of the State Auditor: Deputy State Auditor Rodney Zeagler, and Bill Doss, Director - Fiscal and Compliance Audits. The Board heard a follow-up report from the representatives and reviewed the May 17, 2005, letter from Bill Doss along with the May 13, 2005, memorandum from Rod Zeagler to auditees, and a May 7, 2005, email from Jeanette Franzel, Director, U. S. Governmental Accountability Office (GAO) Financial Management and Assurance. The documents concern certain requirements set by statute in particular related to school districts and county governments and the *Government Auditing Standards* requirement to provide independent audits. After discussions and careful review and consideration of related documents, the Board members present unanimously determined to correspond with State Auditor Phil Bryant noting the office's methodology and the GAO's acceptance. The Board determined to recognize a period of transition based on the new standards and expects to take no associated adverse action relative to audits for the effected periods ended June 30, 2004, 2005, and 2006.

VI. Regulatory Matters (Continued)

2. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from April 29 to June 1, 2005:

<u>Activity</u>	<u>Number</u>
Cases Opened	3
Cases Closed	2
Cases referred to Members	None
Total Cases Open	14

3. Cases closed:

Case 2004.17 - opened August 9, 2004. A licensee opened a second office and did not notify the Board within 30 days. Willie Sims's investigative committee reviewed the licensee's letter of response and firm permit amendment, and the Board approved the amendment at the April meeting. Based on its review, the committee determined no probable cause to investigate further and closed the case.

Case 2005.04 - opened February 23, 2005. A former licensee was described as a CPA in an advertisement. The Board office received his response and a reinstatement application. The Investigator closed the case with no probable cause to investigate further after his license was reinstated at the April 2005 Board meeting.

4. The Investigator reviewed the open case log by general description and reported on the investigative activities.
5. The Board reviewed but took no action concerning a May 16, 2005, letter from the National Conference of CPA Practitioners requesting acceptance as a peer review provider. The staff will review the documents determining the status with other Boards.
6. The Board discussed the expiration of the term of Wallace Collins, CPA, Jackson, June 30, 2005, from the Board Peer Review Oversight Committee. After reviewing possible CPAs from the Central section of the State, the Board directed the Executive Director to contact three potential appointees for consideration. Other members serving on the Board Oversight Committee are David Miller and Darrell Galey. The committee will present its annual report to the Board due within 90 days of June 30 (September 2005).

APPROVED:

Chairman

Board Member

Vice Chairman

Board Member

Secretary

Board Member

Board Member