

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
November 18, 2016**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on November 18, 2016, beginning at 10:00 a.m. The following record of that meeting was maintained.

Board Members Present

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

Board Members Absent

Angela L. Pannell, Vice Chair

Board Staff Present

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

Legal Counsel Present

Onetta Whitley, Deputy Attorney General
Gloria Green, Deputy Attorney General, Hearing Officer

Others Present

Ed Jones, MSCPA Representative

I. General

1. The Board opened the meeting with an invocation from Ed Jones.
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 September 16, 2016 meeting.
4. The Board members signed the CPA certificates of licensure from the September 2016 meeting.

I. General (Continued)

5. The Board reviewed tentative meeting/activity dates for 2016 and 2017:

November 19, 2016	New CPA Ceremony
December 9, 2016	8:30 a.m. Board Meeting
January 27, 2017	8:30 a.m. Board Meeting
March 14 -16, 2017	NASBA E.D. and Legal Conference, New Orleans, LA
March 24, 2017	8:30 a.m. Board Meeting
April 28, 2017	10:00 a.m. Board Meeting
April 29, 2017	New CPA Ceremony
June 2, 2017	8:30 a.m. Board Meeting
June 6-8, 2017	NASBA Western Regional – Couer d’Alene, ID
June 22-25, 2017	MSCPA Annual Convention, Destin, FL
June 27-29, 2017	NASBA Eastern Regional – Newport, RI
August 11, 2017	8:30 a.m. Board Meeting
September 22, 2017	8:30 a.m. Board Meeting
November 18, 2017	10:00 a.m. Board Meeting
November 19, 2017	New CPA Ceremony
December 8, 2017	8:30 a.m. Board Meeting

6. The Board discussed New CPA Ceremony matters and approved Ceremony Program.

II. National Regulatory Concerns

1. The Board reviewed the NASBA *State Board Report*, September 2016.
2. The Board reviewed the NASBA *State Board Report*, October 2016.
3. The Board noted the NASBA Regional Directors’ Focus Questions (due December 5, 2016). The Executive Director and the Associate Director will draft answers to the questions and email them to the Board members for their review and comments.
4. The Board reviewed the NASBA letter of response to questions raised by Executive Directors at the 2016 Executive Directors’ conference.
5. The Board reviewed a NASBA response dated October 21, 2016, to AICPA’s *Proposed Evolution of Peer Review Administration*.
6. The Board noted Minnesota BOA letter of response dated July 19, 2016, to AICPA’s *Proposed Evolution of Peer Review Administration*.

II. National Regulatory Concerns (continued)

7. The Board noted Nebraska State Board letter of response dated October 6, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.
8. The Board noted Nevada State Board letter of response dated September 23, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.
9. The Board noted Tennessee State Board letter of response dated October 21, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.
10. The Board noted Virginia State Board letter of response dated October 21, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.
11. The Board discussed an article dated September 29, 2016, published by *Professional Licensing Report*, titled *Tennessee legislature gets authority to nix boards' licensing regulations*.

III. Administration

1. The Board reviewed the MSBPA Balance Sheets, Funds 3845 and 3850, as of October 31, 2016 (FY2017).
2. The Board reviewed the FY2017 Budget to Actual Comparison – Fund 3845, for the Four Month Period ended October 31, 2016.
3. The Board reviewed the Statement of Revenues and Expenditures, Fund 3845 for the Four Month period ended October 31, 2016.
4. The Board noted the Letter dated October 12, 2016, from State Auditor's office of the results of its recent property audit of Board equipment.
5. The Board had no additional per diem days.
6. The Board entered into an Executive Session for purpose of discussing the process of hiring a successor to the current Executive Director, who will be retiring at a future date. The Board came out of Executive Session and resumed the open meeting and announced that no action was taken in Executive Session.

IV. CPA Examination, Licensing & Firms

1. The Board considered five special requests by candidates. File numbers 10890 and 13472 requested extension of exam section BEC to 2/28/2017. Based on extensive review and consideration, the Board approved the extensions. File number 13856 was approved to attend the November 2016 CPA Ceremony. The Board also discussed and reviewed two special requests related to good moral character - initial candidate numbers 14175 and 13509. Based on its careful review, the Board approved initial candidate numbers 14175 and 13509 to sit for the examination.
2. The Board members unanimously approved the listing of 153 candidate applications for the computerized CPA examination (30 initial, 123 reexam) received since the September 2016 meeting.
3. The Board members unanimously ratified the Window 3 – July – September 2016 CPA examination scores for 187 candidates, 219 examination sections. Eleven candidates completed all four examination sections.
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

File	Name	Number	Action
13907	Jonathan A. Dungan	7311	Yes
13659	Timothy Lynn Gillis	7312	Yes
13856	Hilaire McCaughna Hopper	7313	Yes
13859	Stephen Crawford Joe	7314	Yes
13774	Morgan Lindsey Lamb	7315	Yes
14001	Nhung Thi Scarbrough	7316	Yes
13557	Meaghan M. Sistrunk	7317	Yes
13417	Stuart Davis Stovall	7318	Yes
13153	Seth Thomas Sutton	7319	Yes
13971	Julia Ann Whitley	7320	Yes
13827	Jessica Whittington	7321	Yes

IV. CPA Examination, Licensing & Firms (Continued)

5. Applications (continued)

Applications for Reciprocal CPA License

File	Name	Number	Action
14148	Michelle Leigh Alexander	R7322	Yes
14181	Susan M. Berel	R7323	Yes
14159	Elizabeth Stephens Ford	R7324	Yes
14140	Glen K. Hughes	R7325	Yes
14155	Blair Harden Jussely	R7326	Yes
14131	Jacob Holt Lewis	R7327	Yes
14172	Kevin Stuart Morris	R7328	Yes
14180	Kurtis James Schneider	R7329	Yes

Applications for CPA Firm Permit to Practice

Name	City, State	Number	Action
ARK CPA, LLC	St Louis, MO	7303	Yes
Barnes Griggs & Associates	Lakewood, CO	7330	Yes
Berel & Murphy CPA, PLLC	Ocean Springs, MS	7304	Yes
Jamie B. Goodwin, CPA	Greenville, MS	7305	Yes
Hiestand, Kucera & Miller, P.A.	Tampa, FL	7306	Yes
Carl Nicholson CPA LLC	Hattiesburg, MS	7307	Yes
PBMares, LLP	Newport News, VA	7308	Yes
The Berch CPA Firm Inc	Yazoo City, MS	7309	Yes
Welch & Associates, LLC	Kansas City, MO	7310	Yes

Amendments to Registered Firms

Number	Name	City, State	Change
F0133	L Kelly Baker, CPA PA	Gulfport, MS	Address Change
7211	Bruntlett & Associates	Taylorville, MS	Address Change
F1616	Cain CPA Firm, LLC	Taylorville, MS	Name Changed from Donna Hall Cain, CPA
F0585	F Ed Penton, Jr. PC	Pascagoula, MS	Address Change

Application for Reinstatement of a CPA Firm Permit to Practice

Number	Name	City, State	Action
F1148	C R Williams & Associates	Merrillville, IN	Yes

IV. CPA Examination, Licensing & Firms (Continued)

5. The Board noted the AICPA Board of Examiners Meeting Highlights September 29 - 30, 2016.
6. The Board noted the Mississippi Exam Performance Summary: 2016 Q-3 from NASBA Gateway.
7. The Board reviewed a listing of voluntary cancellations made by CPAs and Firms requested during the 2016 CPE reporting period:

<u>Name</u>	<u>Number</u>
Mark Adcock	R3626
James Brun	3506
Lynn Burkart	R3466
Jimmy Estes	2684
Charles Jordan	R2653
Charles Lundquist	5322
Daniel Pigott	1616 (Retired)
Andrew Waring	3599
Robert Watkins	R2684
William Wildman	R2288
Doeren Mayhew & Company	7138
Haines Isenbarger & Skiba	7290

8. The Board members took the following actions related to requests for amendments to the 2016 CPE compliance requirements and granted extensions to the following:

<u>Name</u>	<u>Number</u>	<u>Total Hours</u>	<u>Extension Date</u>
Laurel Barfitt	5216	6 (4 Ethics)	12/31/16
Jeffrey Boyd	4362	30	12/31/16
Michael Britton	5685	30 (4 Ethics)	12/31/16
David Culpepper	2847	6 (4 Ethics)	12/31/16
T. John Harvey	2432	24	12/31/16
Robert Hicks	R2613	6 (4 Ethics)	12/31/16
Jason McDavid	R7047	6.5	12/31/16
Carl Nicholson	1263	9	12/31/16
Andy Oakes	5614	3 (2 Ethics)	12/31/16
James Schaefer	4485	6 (4 Ethics)	12/31/16
Anthony Varnon	3301	6 (4 Ethics)	12/31/16
Susan Veglia	4539	6 (4 Ethics)	12/31/16
Cecil Woods	3189	40	12/31/16
Wayne Yesbick	3044	27.5 (4 Ethics)	12/31/16

IV. CPA Examination, Licensing & Firms (Continued)

9. The Board members took the following actions related to requests for amendments to the 2016 CPE compliance requirements and granted extensions with penalty waivers to the following:

<u>Name</u>	<u>Number</u>	<u>Total Hours</u>	<u>Extension Date</u>
Edward Joe	1027	8	12/31/16

10. The Board members unanimously approved requests from CPAs for waivers of the 2016 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2017 as follows:

<u>Name</u>	<u>Number</u>
William Coleman	1666
Keith Gaddis	1883
Richard Garrett	3830
Joe Morgan	1305
Cathy Walker	4498

11. The Board approved a Request to MSBPA dated November 7, 2016, from NASBA for permission to Contact Mississippi CPA exam candidates for the 2016-17 Candidate Pipeline Survey.
12. The Board noted and discussed a NASBA/Arkansas Board Quick Poll – CPA Review Course. The Executive Director discussed draft answers which the Board did not modify. The Board will accept CPA Exam review courses taught by the accounting department of an accredited college or university as credit toward the accounting concentration required to sit for the CPA exam. Additionally, the Board will accept those hours toward the 150 hour college credit hour requirement needed to receive a CPA license.
13. The Board discussed the fact that since the 120 hour requirement went into effect, colleges and universities may want to move certain accounting courses from the graduate program to the undergraduate level. The exam applicants must have met the accounting concentration requirement prior to filing the initial application for the CPA exam.
14. The Board discussed problems with out-of-state CPAs opening firm offices in this state but not physically practicing out of those offices more than a majority of the year.

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
Alabama Insurance & Risk Management Education Foundation 1. Alabama Insurance Day	11/9/16	8 inc. 1 General Ethics	Yes
Association of Government Accountants 1. Cyber Security	9/15/16	1	Yes
2. Legalized Gaming in MS: A Young Industry with An Eventful History	7/20/16	1	Yes
Ameriprise – Eddie McNeal 1. Estate Planning for Farmers	Various	1	Yes
2. Succession Planning for Farmers	Various	1	Yes
Division of Business Services 1. 2016 Annual Income Tax Course	12/8-9/16 12/7-8/16 12/5-6/16	16 inc 2 General Ethics	Yes
FurtherEd, Inc. 1. Ethics for Mississippi	Self Study Online	4 Ethics (3 Gen 1 Rules)	Yes
Harper Rains Knight & Company 1. Farm Credit Update 2016	9/23/16	8	Yes
May & Company LLP 1. Ethics and Professional Conduct (Donna Ingram)	10/20/16	4 Ethics (3 Gen 1 Rules)	Yes
Midsouth Institutes of Accountancy 1. MSIA Fall 2016 CPE Seminar Day #1 – MS Ethics & Tax	12/2/16	8 inc 4 Ethics (3 Gen 1 Rules)	Yes
Day #2 – FASB, PCOAB Financial Accounting and Reporting Update	12/16/16	8	Yes
Mississippi Rural Health Association 1. 21 st Annual Mississippi Rural Health Association Conference	10/5-7/16	10	Yes
Petroleum Accountants Soc. of MS 1. Unclaimed Property Acts and the Oil and Gas Industry	9/21/16	1	Yes
Sequoia CPE 1. Ethics for Mississippi CPAs	Self Study Online	4 Ethics (3 Gen 1 Rules)	Yes
Silas Simmons, LLP 1. Annual Tax Update	1/6/17		Yes
TSCPA 1. Construction Industry: Accounting and Taxation	10/27/16	8	Yes
The Frances Rushton Scholarship 1. 22 nd Annual Continuing Professional Education Seminar	10/21/16	8	Yes
University of Alabama – CCS 1. 70 th Annual Fed Tax Clinic	11/17-18/16	16	Yes

VI. RULES AND REGULATIONS

1. The Board discussed State Legislative Working Committee on State Agency Budgets: revised draft list of relevant issues for consideration to be signed by Board Chair and sent to the Legislative Working Committee (revision #4).

2. The Board discussed immunity for Board Members, Board staff, and Contractors:
 - Email dated November 4, 2016, to Board from Executive Director

 - Copy of MS Code section 11-46-1 Copy of MS Code section 11-46-9

 - Proposed Accountancy Statute change to add authority for the Accountancy Board to purchase liability insurance.

3. The Board noted emails between Onetta Whitley and Andy Wright dated November 10, 2016, regarding immunity for Board members and staff.
 - Copy of MS code section 43-33-749 (personal liability of advisory board members).

VII. Regulatory Matters

The Board heard a report from Associate Director - Investigations Andy Wright and approved the regulatory activities from September 16, 2016 to November 18, 2016:

Activity	Number
Cases Opened	12
Cases Closed ①	142
Cases referred to Members ②	5*
Total Cases Open- End of Period	45

① Cases Closed:

Case 2014 .08 was opened February 4, 2014 based on sole proprietor firm’s failed peer review and non-completion of follow-up corrective actions. After numerous failed attempts to receive a complete response to Board inquiries from the CPA/Firm owner, a Trial Board hearing was held on September 16, 2016, and CPA’s license and Firm permit were revoked.

VII. Regulatory Matters (continued)

Case 2016.17 was opened April 8, 2016 based on Board Staff discovery of a retired Mississippi CPA signing a review report on contractor financial statements issued by a non-licensed firm. In his hand-written response, the elderly gentleman explained that he only thought he was helping a friend “find a practicing CPA to perform the work”. He also stated that he would “not be preparing any statements of any kind in the future”. The Investigative Committee recommended closure of the case via Consent Order cancelling his CPA-retired license and ordering him not to hold out as either a CPA or CPA-retired. The case was closed after receipt of the signed Consent Order from the former CPA and Board approval on September 16, 2016.

Case 2016.24 was opened May 5, 2016 based on licensee acknowledging practice of public accounting (as secondary employment) on his 2016 license renewal, but had no firm permit. After firm permit application was received and approved, the case was closed without discipline.

Case 2016.31 was opened August 3, 2016 based on Board Staff discovery of an apparent audit of a Mississippi based employee benefit plan by an unlicensed out-of-state firm. After communication with the firm, the Investigate Committee recommended a Stipulation and Consent for closure, with the firm agreeing to \$500.00 administrative costs and \$500.00 civil penalty. After Board acceptance of the Stipulation and Consent on September 16, 2016, the case was closed without discipline.

Case 2016.263 was opened September 1, 2016 based on Board Staff discovery of an apparent “yellow book” audit of a Mississippi based non-profit organization by an unlicensed out-of-state firm. After investigation of evidence provided by the firm, it was determined that the auditor only performed limited audit test work and was not the firm issuing the audit report on the auditee. The case was closed without discipline.

Case 2016.266 was opened September 8, 2016 based on Board Staff discovery of a non-licensed person being represented in a local newspaper news article as a CPA. The gentleman who was reported as a CPA was appointed to a position by a county board of supervisors. After communication with the county board office and receipt of a copy of his resume, and receipt of a written statement from the gentleman, it was deemed most likely that the newspaper reporter made a mistake. The case was closed without discipline.

Case 2016.270 through 2016.275 (6 cases) were opened September 19, 2016. These represented requests for CPE extensions or waivers based on retirement, cancellation or medical conditions. The requests were approved at the September 16, 2016 Board Meeting. All cases were closed without discipline.

Various Cases in the range 2016.115 through 2016.262 (a total of 148 cases, 124 closed) were opened on August 24, 2016 based on non-receipt of a CPE reporting form for CPE year ended June 30, 2016. The 124 cases were closed based on receipt of CPE reports with sufficient hours by October 3, 2016.

VII. Regulatory Matters (continued)

Various Cases in the range 2016.115 through 2016.262 (a total of 148 cases, 6 closed) were opened on August 24, 2016 based on non-receipt of a CPE reporting form for CPE year ended June 30, 2016. The 6 cases were closed based on licensee's request for retirement or cancellation of license.

② **Cases Referred to Members:** **Case 2016.264** was assigned to Jim Burkes. **Case 2015.185** was assigned to Willie Sims. **Case 2016.265** was assigned to Mark Peach. **Case 2016.08** was assigned to Rick Elam. **Case 2016.267** was assigned to David Miller.

*New CPE cases (extension/waivers not already assigned) were assigned to Angela Pannell (6).

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

3. The Board reviewed and discussed a letter dated October 24, 2016, from the MSBPA Chair to the MSCPA Peer Review Committee Chair regarding the peer review requirement for Preparation Engagements. The MSBPA Board noted that further verbal discussions were held with the Chairman of the MSCPA Board and it was agreed that the requirement would go into effect on January 1, 2017.

VIII. Trial Board

1. The Board reviewed the status of the *Appeal of Order of Revocation* 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 attorney discussed the status of court filings.
2. At 10:30 AM, an Administrative Trial Board hearing was held concerning complaints related to two (2) CPAs (certificate number 5448, and file number 02943) alleged noncompliance with 2016 CPE requirements and failure to respond to Notices of Hearing and Complaint. The Investigating Board Member, Angela Pannell, was recused and did not participate in the hearing.

Within the Trial Board the Board heard evidence from Andy Wright, CPA, Associate Director - Investigations, concerning the respondents' alleged violations mentioned above. Mr. Wright testified that legal and proper notice was delivered to the respondents at their address of record. The respondents did not attend the hearing.

VIII. Trial Board (continued)

Following discussion and the Administrative Trial Board hearing, and upon motion by Willie Sims, 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.

In the closed meeting the Board determined that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of a Trial Board order that could be appealed.

Accordingly, the Board reopened the closed meeting and upon motion by Rick Elam with second from Willie Sims, 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 determined that the evidence presented was clear and convincing and that the respondents had indeed violated the Board Rules and Regulations as charged and voted unanimously to revoke the respondents' CPA licenses (license number 5448, and the licensee whose file number is 02943). The Board determined to assess the respondents a fine (civil penalty) of \$250.00 each, in addition to a fee to recover investigative, legal, and hearing costs and of this matter which was determined to be \$450.00 each. The total assessments of \$700.00 each, was to be paid by check or money order within thirty days of the Trial Board order. Votes were - For: David Miller, Willie Sims, Rick Elam, Jim Burkes, and Mark Peach; Against: None; and Recused: Angela Pannell.

Upon the conclusion of this business and upon motion by Jim Burkes with second by Mark Peach, the Board members present 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.

3. Five Stipulation and Consent Orders were approved by the Board. The cases related to CPE Late Reporting and/or Deficiencies. Case #'s 2016.117, 2016.119*, 2016.129*, 2016.170, and 2016.203 involved licensees not reporting CPE until after September 30 deadline, but with sufficient hours. Case # 2016.247 involved a licensee not reporting CPE until after September 30 and with deficient hours. The orders will not be considered discipline and require deficient hours plus 50% penalty be obtained by November 30, 2016, (December 31 for #2016.119), and

VIII. Trial Board (continued)

payment of cost recovery of \$250.00. Additionally, #2016.247 is paying \$250.00 civil penalty. The signed orders have not yet been received on cases marked with * above. The Angela Pannell Investigative Committee had requested Board approval of all orders, subject to receipt of signed orders. For any signed orders not received by December 1, 2016, the licensee will be noticed for a Trial Board Hearing.

4. Two Stipulation and Consent Orders were approved by the Board in Cases # 2016.08 & 2015.185. CPA firms had fail peer review or consecutive deficient peer reviews. Both firms agreed to notify Board and schedule an accelerated peer review if performing audits or reviews prior to next peer review. The firms are only performing compilations currently. (Rick Elam and Willie Sims Investigative Committees.)
5. Three Stipulation and Consent Orders were approved by the Board in Case #'s 2016.32, 2016.264, and 2016.265. Out of state CPA firms performed audits of Mississippi based entities, without a firm permit. The firms have applied for permits and paid \$500.00 civil penalty and \$500.00 cost recovery. (Mark Peach, Jim Burkes, and Mark Peach Investigative Committees, respectively.)

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member