

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
November 9, 2018**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on November 9, 2018, beginning at 10:00 a.m. The following record of that meeting was maintained.

Board Members Present

Mark P. Peach, Chair
Willie B. Sims, Jr., Vice Chair
Rick Elam, Secretary
Angela L. Pannell
David Bridgers
William Kelly
Charles Prince

Board Staff Present

Andy Wright, Executive Director
Sharee Brewer, Associate Director, Investigations
Lane McNeal, Administrative Assistant

Legal Counsel Present

Onetta Whitley, Deputy Attorney General
Bridgette Wiggins, Hearing Officer

Others Present

Ed Jones, MSCPA Representative
Karen Moody, MSCPA President/CEO

I. General

1. The Board opened the meeting with an invocation from Willie Sims.
2. The minutes from the September, 2018 meeting were unanimously approved.
3. The CPA certificates of licensure from the September, 2018 meeting were signed by the Board members.

I. General (Continued)

4. The Board reviewed tentative meeting/activity dates for 2018 and 2019:

November 10, 2018	New CPA Ceremony
December 7, 2018	8:30 a.m. Board Meeting
January 25	8:30 a.m. Board Meeting
March 22	8:30 a.m. Board Meeting
March 26-28	NASBA E.D. and Legal Counsel Conf., San Antonio, TX
April 26	10:00 a.m. Board Meeting
April 27	New CPA Ceremony
May 31	8:30 a.m. Board Meeting
June 11-13	NASBA Eastern Regional, Washington, DC
June 18-20	NASBA Western Regional, Salt Lake City, UT
June 20-23	MSCPA Annual Convention, Destin, FL
August 2	8:30 a.m. Board Meeting
September 20	8:30 a.m. Board Meeting
October 27-30	NASBA Annual Meeting, Boston, MA
November 1	10:00 a.m. Board Meeting
November 2	New CPA Ceremony
December 6	8:30 a.m. Board Meeting

II. National Regulatory Concerns

1. The NASBA *State Board Report* for September 2018 was discussed.
2. The NASBA *State Board Report* for October 2018 was discussed.
3. The Executive Director’s input to the “CPA Evolution Work Group” was discussed.
4. The AICPA’s “CPE Reciprocity Map” was discussed by the Executive Director.
5. The threat of State Legislatures’ push for deregulation was discussed.
6. KPMG’s Next Gen Audit Publication was discussed.

III. Administration

1. The MSBPA Balance Sheets, Funds 3845 and 3850, as of September 30, 2018 were reviewed.
2. The FY 2019 Budget to Actual Comparison – Fund 3845, for the three months ended September 30, 2018 was reviewed.
3. The Statement of Revenues and Expenditures, Fund 3845 for the three months ended September 30, 2018 was reviewed.
4. The appointment of new Board Oversight Committee members was approved.
5. Additional per diem days and proposed salary realignments for staff at one-half of the Personnel Board recommended amount were approved. Acquisition of property insurance was discussed by the Executive Director.

IV. CPA Examination, Licensing & Firms

1. The Board noted staff approval of 158 candidate applications (35 initial, 123 reexam) for 213 Sections of the computerized CPA examination received since the September 7, 2018 meeting.
2. The Board considered and approved three special requests by candidate numbers 14664, 14668, 14615 all related to special accommodations.
3. Window 3 (July – September, 2018) examination scores for 211 candidates, 261 examination sections were accepted by the Board.
4. The following actions on applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits were unanimously approved by the Board unless otherwise noted:

Applications for Original CPA License

Name	Number	Action
Ryan Kelley Adair	7628	Approved
Melanie Harris Ainsworth	7629	Approved
Dylan Matthew Carter	7630	Approved
Jessica Arender Engle	7631	Approved
Leyna Marie Ford	7632	Approved
James Atha Foster	7633	Approved

IV. CPA Examination, Licensing & Firms (continued)

4. Applications (continued)

Applications for Original CPA License

Name	Number	Action
Jonathon Clifford Fults	7634	Approved
Hunter Kyle Jackson	7635	Approved
Tamara L. Kinnard	7636	Approved
Blane J. Morgan	7637	Approved
Brooke Marie Perry	7638	Approved
Ty Vonna Parsha Peterson	7639	Approved
Irmalene B. Rainey	7640	Approved
Candace L. Shook	7641	Approved
Clayton Brandon Southerland	7642	Approved
Reagan H. Stovall	7643	Approved
John W. Verner	7644	Approved

Applications for Reciprocal CPA License

Name	Number	Action
Chad Hestand Berry	R7645	Approved
Kirk Charles Brodhead	R7646	Approved
Alexander M. McGowin	R7647	Approved
Paul E. Metrejean		*
Samuel Noel Taylor	R7648	Approved
Kelli Anne Terrell	R7649	Approved
Bradley Thomas Weatherford	R7650	Approved
Zachary Lane Wilson	R7651	Approved

*Applicant holds canceled Reciprocal License R2639. After discussion, the Board voted to recommend a reinstatement application for such reciprocal license: In favor – Peach, Sims, Pannell, Bridgers, Kelly, Prince; Against – Elam.

Applications for Reinstatement of CPA License

Name	Number	Action
Suzanne W. Cox	4588	Approved

Applications for CPA Firm Permit to Practice

Name	City, State	Number	Action
Berry & Associates PA	Madison, MS	7626	Approved
Kirk C. Brodhead	Lafayette, LA	7627	Approved

Amendments to Registered Firms

No.	Name	City, State	Change
F1615	Tommy Story, CPA	Hattiesburg, MS	Name Change from Acklen & Story CPA

IV. CPA Examination, Licensing & Firms (Continued)

- 5. The Board approved the following requests for 2018 CPE extensions that include deficit and penalty hours:

<u>FileNo</u>	<u>Total Hours</u>	<u>Extension Date</u>
11335	20	12/31/18

- 6. The Board members unanimously approved requests from CPAs for waivers of the 2018 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2019 as follows:

<u>Name</u>	<u>Number</u>
Richard Ashley	1478
T John Harvey	2432
Cheryl Mobley	2303
Larry Morrison	1793
Ardis Russell	1930
Earl Walker	1905
Jeanne Walters	2747

- 7. The possibility of continuous testing of the CPA Exam was discussed.
- 8. The Quarterly Exam Pass Rates for Mississippi Candidates were reviewed.

V. Continuing Professional Education

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

Sponsor/Title	Dates	Hours	Action
Alexander Van Loon Sloan Levens & Favre 1. 19 th Annual Tax Update	11/2/18	8	Approved
Electric Cooperatives of Mississippi 1. Supervisor and Manager Development Program provided by the National Rural Electric Cooperative	10/3-4/18	12 PD	Approved
Gulf Coast Chapter of MSCPA 1. Professional Ethics Review and Mississippi Accounting Law and Regulations Review	11/30/18	4 Ethics (3 General 1 MS Rules)	Approved
Harper Rains Knight & Company PA 1. 2018 Tax Act 10/24, 11/1, 11/7, 11/14, 11/21, 11/28, 12/5, 12/12/2018	Various	12 (1 hour each week)	Approved
Horne LLP 1. Mississippi Ethics Training	11/15/18 12/5/18	4 Ethics (3 General 1 MS Rules)	Approved
Jones Walker LLP 1. Section 199A Qualified Business Income Deduction and Bonus Depreciation	9/21/18	3	Approved
May & Company, LLP 1. How to Record Equipment Trade-ins Under the New Tax Law	9/18/18	1	Approved
Mississippi Conference United Methodist Church 1. Updated Taxes and Audit Requirements – Mississippi	11/13/18	6	Approved
Mississippi Rural Health Association 1. 23 rd Annual Mississippi Rural Health Association Conference	11/1-2/18	17.5	Approved
Nail McKinney Professional Association 1. Selected Tax Topics – New Partnership Regs/199A Deduction	9/21/18	4	Approved
T.E. Lott & Company 1. Career Development on Professionalism 9/10, 9/24, 10/8, 10/22, 11/5, 11/19,12/3, 12/17/2018 <i>*Pre-recorded webinar with discussion</i>	Various	12 total (1.5 hours for each class)	Deferred
The University of Alabama 1. Federal Tax Clinic	11/14-15/18	16.5	Approved

V. Continuing Professional Education (continued)

1. The Board members present unanimously authorized the following actions concerning CPE request from individuals.

Sponsor/Title	Dates	Hours	Action
Academy of Business Research 1. The Comprehensive Guide to Economic Damages (5 th Edition) Chapters 35 and 36B <i>Requested by James Koerber</i>	Published Guide	60	Approved

VI. Rules and Regulations

1. Status update on proposed Rules changes was discussed.

VII. Regulatory Matters

The Board heard a report from Associate Director Sharee Brewer regarding the regulatory activities from September 8, 2018 to November 9, 2018:

Activity	Number
Cases Opened Beginning of Period	36
Cases Opened	48
Cases Closed ①	37
Cases Open End of Period	47
Open Cases Referred to Members	3

① **Cases Closed:**

Case 2017.07 Case opened July 6, 2017, after firm received an AICPA alleged violation of standards by the firm personnel on EBP audits. Follow-up determined that the firm had complied with all required of it to answer this allegations per the agreement signed. Matter was closed.

Case 2017.11 Case opened July 20, 2017, after it was determined a former licensee (who had been revoked) had completed a review report for the state Board of Contractors and issued a substandard report. Former licensee responded initially but

VII. Regulatory Matters (continued)

from that point forward was uncooperative alleging repeated hospitalizations while refusing to provide any documentation or answer the concerns of the Board which were raised in the initial letter. After multiple letters and attempts, the investigative committee determined it was not worth pursuing criminally. A strongly worded letter was sent to this former licensee and the matter was closed.

Case 2017.13 Case closed in error – was reopened to answer an additional question. Currently still open.

Case 2018.06 Case opened February 27, 2018 after firm received a fail rating on compilation engagements in the peer review program. Firm complied with all follow-up requirements of the program. Firm agreed to a Stipulation and Consent order. The order was presented to the full Board on September 7, 2018. Matter was closed.

Case 2018.07 Case opened July 6, 2017, after firm received a fail rating on compilation and preparation engagements in the peer review program. Firm complied with all follow-up requirements of the program. Firm agreed to a Stipulation and Consent order. The order was presented to the full Board on September 7, 2018. Matter was closed.

Case 2018.29; 2018.30; 2018.31; 2018.32; 2018.33; 2018.34; 2018.35; 2018.36; 2018.37; 2018.38; 2018.39; 2018.40; 2018.41; 2018.42; and 2018.43 Cases opened on September 6, 2018 as requests for extensions of time for the reporting of CPE to the Board for the June 30, 2018 period. All licensees were granted extensions at the September 7, 2018 Board meeting. All licensees were given until September 30, 2018 to obtain their hours and until October 15, 2018 to document and report same back to the board. All licensees complied. All cases closed.

Case 2018.81; 2018.82; 2018.83; 2018.86; 2018.88; 2018.91; 2018.94; 2018.95; 2018.96; 2018.97; 2018.99; 2018.102; 2018.104; 2018.116 and 2018.121 Cases opened to obtain answers for failing to report CPE to the Board for the June 30, 2018 period. These licensees requested cancellation of their licenses, filed for medical waivers, or sent in retirement affidavits. All cases closed.

Case 2018.124 Case opened July 16, 2018 after learning firm had been dropped from the peer review program. Further investigation determined that the firm reported that they had not completed any engagements subject to peer review and that was the reason for being dropped. Matter was closed.

Case 2018.125 Case opened when a complaint was received July 16, 2018 after learning firm had been dropped from the peer review program. Further investigation determined that the firm reported that they had not completed any engagements subject to peer review and that was the reason for being dropped and this was not a matter of failing to schedule or failing to cooperate. Matter was closed.

VII. Regulatory Matters (continued)

Ms. Brewer then discussed the open cases presented on the active cases log.

A proposed letter to out of state licensees with Mississippi addresses was discussed.

VIII. Trial Board

The Board convened as the Trial Board for the purpose of considering matters related to disciplinary cases. Mark Peach, Trial Board President, was the presiding officer.

At 10:26 AM, the Trial Board commenced a hearing of complaint 2018.10, concerning the Respondent, Wayne Everette Myles, CPA d/b/a The Myles CPA Firm, license 2934 and CPA firm permit F0886. Onetta Whitley, Deputy Attorney General, was the presenting attorney. Bridgette Wiggins, Special Assistant Attorney General, was the hearing officer. Mr. Myles was present at the hearing and was not represented by an attorney.

The complaint alleges that the firm failed to complete two peer reviews and that false statements were made on license and permit renewals as regards the performance of engagements that would require peer review (audits, reviews, and compilations). Specifically, that Respondent violated Rules 5.3.2. and 5.3.3. by not obtaining required peer reviews for years ended July 31, 2013 and July 31, 2016. And that Respondent violated Rule 6.17.6. by making false statements on license and permit renewals for years 2012 through 2018 when stating that the firm had not completed any work requiring peer review.

The Trial Board members heard statements from both Onetta Whitley, Board attorney and the Respondent and testimony from sworn witness, Sharee Brewer, Board Associate Director and Investigator. The Board attorney entered documents into evidence. The documents included reports listing engagements completed by the Respondent since the year 2010 (date of last peer review). Such engagements included 5 audits, 22 reviews, and 26 compilations. The Respondent answered questions from the Board attorney and Board members.

VIII. Trial Board (Continued)

After hearing closing arguments from the Board attorney and Respondent, the Board, upon a motion by Willie Sims with second by Angela Pannell, then 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. Investigating Board member Rick Elam was recused. The Board, upon motion by Willie Sims with second from Angela Pannell, then unanimously voted that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of a disciplinary matter. Accordingly, upon motion by Willie Sims with second from Angela Pannell, the Board 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 took the following actions: Upon motion by David Bridgers with second from William Kelly, the Board found based upon clear and convincing evidence that the Respondent violated Board Rules as charged in the complaint; that the license and firm permit should be suspended for a minimum of two years at which time the Board will consider lifting the said suspension upon a showing that the Respondent is in compliance with all rules and regulations of the Board, including but not limited to CPE requirements, as well as fees in arrears. This suspension may be extended at the discretion of the Board in the event that the Respondent remains non-compliant after two years. Additionally, the Respondent shall be assessed a civil penalty of \$5,000.00, plus all costs of the hearing. Votes were - For: Mark Peach, Willie Sims, Angela Pannell, David Bridgers, William Kelly and Charles Prince; Against: None; and Recused: Rick Elam.

Upon the conclusion of this business, the Board upon motion by Willie Sims with second from Charles Prince 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 above actions and votes it had taken in Executive Session. This concluded the hearing of Complaint 2018.10.

VIII. Trial Board (Continued)

Stipulation and Consent Orders

A Stipulation and Consent Order was approved in **Case 2018.109; 2018.110; and 2018.118**, involving individual licensees who did not report Continuing Professional Education for the 2017-2018 year, were deficient in the hours obtained, did not timely request an extension of time, and requested informal settlement of their case. All orders have the same language requiring deficient CPE hours plus 50% penalty hours be obtained by October 31, 2018. All hours had to be documented to the Board staff. Additionally, the S&C calls for a \$500 civil penalty for failure to report as well as being deficient in hours obtained. (Pannell Investigative Committee)

A Stipulation and Consent Order was approved in **2018.98; 2018.101; 2018.103; 2018.105; 2018.106; 2018.111; 2018.112; and 2018.117**, involving individual licensees who did not report Continuing Professional Education for the 2017-2018 year, but HAD obtained their required hours, and requested informal settlement of their case. All orders have the same language requiring documentation of hours by October 31, 2018. All hours documented to Board staff. Additionally, the S&C calls for a \$250 civil penalty for failure to report. (Pannell Investigative Committee)

A Stipulation and Consent Order was approved in **Case 2018.85; 2018.92; 2018.100; 2018.107; 2018.113; and 2018.114**, involving individual licensees who did not report Continuing Professional Education for the 2017-2018 year, were licensed in another state, primarily employed in that state, HAD complied with CPE requirements of that state, and failed to report an exemption from CPE reporting in Mississippi. All requested informal settlement of their case. All orders have the same language requiring documentation of compliance by October 31, 2018. Compliance with the CPE requirements of the state of primary employment documented to Board staff. Additionally, the S&C calls for a \$100 civil penalty for failure to report. (Pannell Investigative Committee)

A Stipulation and Consent Order was approved in **Case 2018.120**, involving an individual licensee who did report Continuing Professional Education for the 2017-2018 year, but reported deficient hours. Licensee requested informal settlement of their case. The order has same language requiring deficient CPE hours plus 50% penalty hours be obtained by October 31, 2018. All hours had to be documented to the Board staff. Additionally, the S&C calls for a \$250 civil penalty for being deficient in hours. (Pannell Investigative Committee)

A Stipulation and Consent Order was approved in **2018.87**, involving individual licensee who did not report Continuing Professional Education for the 2017-2018 year, but claims to have obtained their required hours, and requested informal settlement of their case. Order has the same language requiring documentation of hours by October 31, 2018 and \$250 civil penalty which was signed by licensee but licensee has failed to follow through with providing documentation. Multiple attempts have been made to reach this licensee about lack of documentation. The approval of the S&C was pending licensee providing documentation. (Pannell Investigative Committee)

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member