

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
September 16, 2016**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on September 16, 2016, beginning at 8:30 a.m. The following record of that meeting was maintained.

Board Members Present

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

Board Staff Present

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

Legal Counsel Present

Gloria Green, Deputy Attorney General
Cammie Wyatt, Hearing Officer

Others Present

Josh Norris, MSCPA Representative
Bill Felder, Board Oversight Committee (Peer Review)

I. General

1. The Board opened the meeting with an invocation from Willie Sims.
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 August 12, 2016 meeting.
4. The Board discussed the transfer of MSBPA's old minute books (1920 to 2006) to the Mississippi Department of History and Archives request.
5. The Board members signed the CPA certificates of licensure from the August 2016 meeting.

I. General (Continued)

6. The Board reviewed tentative meeting/activity dates for 2016:
Oct. 30 – Nov. 2 NASBA Annual Meeting – Austin, TX
November 18 10:00 a.m. Board Meeting
November 19 New CPA Ceremony
December 9 8:30 a.m. Board Meeting

7. The Board discussed New CPA Ceremony matters including a list of possible Keynote Speakers.

II. National Regulatory Concerns

1. The Board reviewed the NASBA *State Board Report*, August 2016.

2. The Board reviewed and approved the draft MSBPA response to AICPA's *Proposed Evolution of Peer Review Administration*.

3. The Board reviewed a board member's email response to the draft mentioned in item #2 above.

4. The Board reviewed a MSCPA letter of response dated July 19, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.

5. The Board reviewed the Kentucky State Board letter of response dated August 30, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.

6. The Board reviewed the Alabama State Board letter of response dated May 16, 2016, to AICPA's *Proposed Evolution of Peer Review Administration*.

7. The Board noted a recent letter from Sue Coffee, AICPA, to a North Carolina CPA Firm about a new national peer review administrative fee for system reviews.

8. The Board discussed proposed answers to the NASBA Compliance Assurance Committee (CAC) Quick Poll Titled: *Peer Review Survey – Peer Review Administrative Questions*.

II. National Regulatory Concerns (continued)

9. The Board reviewed the NASBA Regional Directors' Focus Questions (due by Oct. 7, 2016). The Executive Director and the Associate Director will develop answers to the questions and email them to the Board for comment and input.
10. The Board reviewed a NASBA letter of response dated August 25, 2016, on proposed amendment to SSARS Statement no. 21 Section 90, Review of Financial Statements.
11. The Board noted a NASBA letter of response dated September 1, 2016, on Proposed Statement on Auditing Standards – The Auditor's Consideration Of an Entity's Ability to Continue as a Going Concern.
12. The Board noted a NASBA and AICPA announcement on Revisions to CPE Provider Standards. Board members authorized the Rules Committee to work on possible changes to CPE Rules in Chapter 4, and to present those potential changes at the January 27, 2017, Board meeting. The Board discussed possibly sending a reminder to MSCPA and to licensees that the Board has not adopted the new CPE Standards (Nano Learning; Blended Learning; etc..) but is in the process of reviewing existing CPE rules for possible changes that would not take effect until after June 30, 2017.

III. Administration

1. The Board reviewed the MSBPA Balance Sheets, Funds 3845 and 3850, as of August 31, 2016 (FY2017).
2. The Board reviewed the FY2017 Budget to Actual Comparison – Fund 3845, for the Two Month Period ended August 31, 2016.
3. The Board reviewed the Statement of Revenues and Expenditures, Fund 3845 for the Two Month period ended August 31, 2016.
4. The Board discussed the State Legislative Working Committee on State Agency Budgeting. Board Staff presented for consideration and discussion a draft list of relevant issues and preferred attributes for a semi-independent State Board of Public Accountancy.

IV. CPA Examination, Licensing & Firms

1. The Board considered three special requests by candidates. File number 14057 requested refund for exam sections and was approved. File number 14143 was approved to sit for the exam. File number 13806 was denied for an NTS extension.
2. The Board members unanimously approved the listing of 80 candidate applications for the computerized CPA examination (14 initial, 66 reexam) received since the August 2016 meeting.
3. 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
13613	John Randall Calvert	7294	Yes
11465	Christy Kendall Hollis	7295	Yes
13794	Laura Benson Hubbard	7296	Yes
13773	Madeline Grace Jackson	7297	Yes
14077	Vinicius Neves Hiratuka	7298	Yes
13848	Meredith Lee White	7299	Yes
13415	Elaina Jo Smith	7300	Yes

Applications for Reciprocal CPA License

File	Name	Number	Action
14135	John Thomas Jordan	R7301	Yes

Applications for Reinstatement of CPA License

File	Name	Number	Action
07432	Donna Vegas Callaway	R2304	Yes

IV. CPA Examination, Licensing & Firms (Continued)

4. Applications (continued)

Applications for CPA Firm Permit to Practice

Name	City, State	Number	Action
ARK CPA, LLC	St Louis, MO		Hold (Order of Abeyance)
R. Buck Coats, CPA PC	Madison, MS	7288	Yes
Stanley E. Patrick, CPA	Madison, MS	7289	Yes
Haines, Isenbarger & Skiba, LLC	Wayne, IN	7290	Yes
Monroe, CPA, LLC dba Monroe and Company, LLC	Madison, MS	7291	Yes
Silka M. Gonzalez CPA, dba Enterprise Risk Management	Coral Gables, FL	7292	Yes
Rodl Langford de Kock, LLP	Atlanta, GA	7293	Yes

5. The Board noted a CPA Exam Update from NASBA regarding recommendations for extensions of conditional exam credits for Board consideration and possible adoption. No action was taken.
6. The Board reviewed a letter dated September 6, 2016, from Brent Ballard, CPA which requested additional time to resolve ownership matters.
7. 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>
Robert Bass	2454	1	10/31/16
Mitch Boleware	3779	6 (4 Ethics)	10/31/16
Benjamin Brien	5523	54	10/31/16
Martha Brock	5684	60	10/31/16
William King	5318	60	10/31/16
Troy Nettles	3765	16	10/31/16
Michael Sterling	5110	16 (4 Ethics)	10/31/16
John Weatherford	5665	6 (4 Ethics)	10/31/16

IV. CPA Examination, Licensing & Firms (Continued)

8. 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>
Gary Beech	5071	20	12/31/16
Kimberly Bourn	4479	15	10/31/16

9. 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>
Jake Bellipanni	1766
William Black	2224
Andy Brown	2456
Frederick Broyles	2547
Linda Crawford	1641
Sam Devore	R1974
John Gill	1936
Aubrey Holder	2319
Clayton Johnson	1874
Joe Montgomery	0666
Sandra Parks	1264
Carla Reeves	3682
David C. Wood	1698
Ruth Wylie	1932

10. The Board discussed the security and camera system at the MSU Prometric Exam testing location. The Board agreed that all discussed camera locations must be in place before the opening of the location.

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
Accountants Education Group (QAS) 1. Mississippi Ethics	Self Study Online	4 Ethics (3 General 1 Rules)	Yes
Alexander Van Loon Sloan Levens & Favre, PLLC 1. 16 th Annual Tax Update	10/21/16	8	Yes
Avintus 1. Cash Balance Plans – A Tax Savings Tool	Various	1	Yes
Continuing Academics CPE Tutor (QAS) 1. Mississippi Ethics	Self Study Online	4 Ethics (3 General 1 Rules)	Yes
MACJC Business Managers 1. Mississippi CJC’s FTE Funding Formulas and the Importance of Accurate Data 2. GASB Updates 3. FSLA New Overtime Laws	8/29/16 8/30/16 8/30/16	1 1 1	Yes Yes Yes
Mississippi Community College Board 1. 2016 FLSA Update	8/2/16	3	Yes
Northeast Chapter of MSCPA 1. Current Trends in Financial Independence	8/17/16	1	Yes
Silas Simmons, LLP 1. Annual A&A Update	9/30/16	8	Yes
Trustmark Bank 1. Overview of IRAs 2. Charitable Planning for IRAs – Which Could Be Your Clients Single Biggest Asset	Various Various	2 1	Yes Yes

V. Continuing Professional Education (continued)

2. The Board members present unanimously authorized the following action concerning a CPE request from an individual.

Sponsor/Title	Dates	Hours	Action
Willow Creek Association 1. the Global Leadership Summit <i>Requested by Ellen Bevon</i>	8/11-12/16	13	No (credit denied)

VI. RULES AND REGULATIONS

1. There was discussion of verbal and written feedback received by the Board members and Board staff on the pending 19 proposed rules changes.

- Letter of comment from a licensee on Rule 4.1.4
- Proposed Rule 4.1.4 (CPE Carryover)
- Letter from Mat Young, AICPA Vice President, State Regulatory and Legislative Affairs, thanking MSBPA for adopting the AICPA Code of Conduct.

2. After discussion of the following 19 changes to Board Rules, the Board Members present unanimously voted for Final Adoption (Board Member Elam was absent):

Rule 1.2.1.	Rule 3.1.11.(b)
Rule 2.1.2.	Rule 4.1.4.
Rule 2.1.3.(a)(1)	Rule 4.3.5.
Rule 2.2.1.(a)	Rule 4.3.6.(f)
Rule 2.4.8.	Rule 5.5.1.
Rule 3.1.1.	Rule 6.1.7.
Rule 3.1.3.(a)	Rule 6.5.1.(f)
Rule 3.1.3.(b)	Chapter 10: Definition of Attest
Rule 3.1.3.(c)	Chapter 10: Definition of Resident Manager
Rule 3.1.6.(b)	

VII. Regulatory Matters

The Board heard a report from Associate Director - Investigations Andy Wright and approved the regulatory activities from June 3, 2016 to September 16, 2016:

Activity	Number
Cases Opened	234
Cases Closed ①	84
Cases referred to Members ②	5*
Total Cases Open- End of Period	175

① *Cases Closed:*

Case 2016.23 was opened May 5, 2016 based on licensee acknowledging practice of public accounting on his 2016 license renewal, but firm permit had expired. After firm permit application was received and approved, the case was closed without discipline.

Case 2016.28 was opened July 27, 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 investigation of evidence provided by the firm, it was determined that the auditee was a division of an out-of-state entity. The case was closed without discipline.

Case 2016.29 was opened July 28, 2016 based on Board Staff discovery of a retired Mississippi CPA offering consulting services to the public. After the Investigator explained the retired Rules, the retired CPA requested cancellation of his CPA-Retired license. The case was closed without discipline.

Case 2016.34 through 2016.114 (81 cases) were opened August 15, 2016. These represented requests for CPE extensions or waivers based on retirement, cancellation or medical conditions. The requests were approved at the August 12, 2016 Board Meeting. All cases were closed without discipline.

② *Cases Referred to Members:* **Case 2016.26** was assigned to Jim Burkes. **Case 2016.31** was assigned to Willie Sims. **Case 2016.32** was assigned to Mark Peach. **Cases 2016.12 and 2016.30** were assigned to Rick Elam.

* All CPE cases were assigned to Angela Pannell (81 + 148 = 229).

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

VII. Regulatory Matters (continued)

3. The Board heard the Annual Report presented by Bill Felder, CPA, of the Board's Peer Review Oversight Committee (BOC), for the year ended June 30, 2016. The Board discussed and approved extension of Mr. Felder's BOC contract for another year.
4. The Board asked the Executive Director and the Associate Director to draft a letter from the Board Chair to the Chair of the MSCPA Peer Review Committee to clarify the Board's Rule 5.1 which became effective in 2015. The rule makes preparation engagements for Mississippi entities subject to peer review. The draft will be emailed to the Board for review.

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 9:00 AM, an Administrative Trial Board hearing for Case # 2014.08 was held concerning a complaint related to CPA license number 2413, practicing as CPA firm number F0574, charged with allegedly violating the Board's Compliance Assurance Program Rules which require certain firms to complete a peer review once every three years. The respondent's firm failed to complete the peer review for the year ended March 31, 2012 and was subsequently terminated from the peer review program for non-compliance. Additionally, the respondent was charged with violating the Board's Rules of Professional Conduct by failing to cooperate with the Board in connection with its inquiries. The respondent also failed to provide a listing of engagements requiring peer review that was requested by the Board. Board member Jim Burkes was recused from discussion and all votes as the Investigative Board Member.

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

VIII. Trial Board (continued)

Following discussion and the Administrative Trial Board hearing, and upon motion by Rick Elam with second from Mark Peach, 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 Mark Peach, 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 respondent had indeed violated the Board Rules and Regulations as charged and voted unanimously to revoke the respondent's CPA license number 2413 and the related firm permit number F0574. The Board determined to assess the respondent a fine (civil penalty) of \$500.00, in addition to a fee to recover investigative, legal, and hearing costs and of this matter which was determined to be \$1,290.00. The total assessment of \$1,790.00 was to be paid by check or money order within thirty days of the Trial Board order. Votes were - For: David Miller, Willie Sims, Angela Pannell, Rick Elam, and Mark Peach; Against: None; and Recused: Jim Burkes.

Upon the conclusion of this business and upon motion by Angela Pannell with second by Rick Elam, 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. The Board unanimously approved a Consent Order in Case # 2016.17, where a retired CPA had signed a reviewed financial statement. The Order canceled his CPA license and instructed him not to hold out. Investigating Board member Mark Peach was recused and Board member Rick Elam was absent.

VIII. Trial Board (continued)

4. The Board unanimously approved a Stipulation and Consent in Case # 2016.31, where an out-of-state CPA firm performed an audit of a Mississippi based employee benefit plan. The firm had applied for a permit and had paid a \$500.00 civil penalty and a \$500.00 cost recovery fee. Investigating Board member Willie Sims was recused and Board member Rick Elam was absent.
5. The Board considered a clarification/modification of "Order of Abeyance" resulting from the show cause hearing on August 12, 2016. This regards clarification of the requirement for the firm to obtain a Missouri Board of Accountancy firm permit.

Upon conclusion of Trial Board business, the Board adjourned as Trial Board.

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member