

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
July 28, 2006

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on July 28, 2006. The following record of that meeting was maintained.

Board Members Present

Jean T. Shepherd, Chair
Jim E. Burkes, Vice Chair
Willie B. Sims, Jr., Secretary
David E. Clarke
Diane S. Day
Rick Elam

Board Members Absent

Angela L. Pannell (by telephone a.m.)

Board Staff Present

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

Legal Counsel Present

Onetta Whitley, Deputy Attorney General

Others Present

Gary Walker, MSCPA

I. General

1. The Board opened the meeting with the invocation by Board Vice Chair Jim Burkes.
2. The Board members present unanimously approved the minutes from the May 24, 2006, meeting.
3. The Board members signed the CPA certificates of licensure from the May 24, 2006, meeting.

I. General (Continued)

4. The Board members present reviewed the remaining 2006 meeting and activity dates. Due to conflicts, the Board members present approved cancellation of the August 25, 2006, meeting. The 2006 meeting and activity dates are as follows:

September 29	8:30	Meeting
October 29 - Nov 1		NASBA Annual Meeting Atlanta
November 17	10:00	Meeting
November 18		CPA Presentation Ceremony
December 15	8:30	Meeting
5. The Board members discussed the NASBA regional meetings and the Mississippi Society of CPAs annual meeting.
6. The Board members present approved attendance of members, Executive Director, Investigator, and Attorney to the NASBA Annual Meeting to be held October 29 - November 1, 2006, in Atlanta, Georgia. Meeting registration is due by September 15, 2006.
7. The Board members present approved attendance of the Executive Director to attend an Ethics Committee meeting in Nashville, Tennessee, August 20-21, 2006, as funded by NASBA.

II. National Regulatory Concerns

1. The Board members received a copy of its June 13, 2006, response to the *AICPA Board of Directors Peer Review Task Force Report: Recommendations for Enhancing the AICPA Peer Review Programs in a Transparent Environment* as submitted under Vice Chair Jim Burkes' signature.
2. The Board noted a July 17, 2006, AICPA letter from Gary Freundlich, announcing the July 31 open session Peer Review Board Meeting to discuss Standards for Performing and Reporting on Peer Reviews.
3. The Board noted a July 21, 2006, email, concerning the article in *Who's Who in Nashville* concerning the NASBA Center for the Public Trust.
4. The Board discussed NASBA's launch of its new NASBAtools.com web site as announced by a July 14, 2006, email.

II. National Regulatory Concerns (Continued)

5. The Board noted a July 5, 2006, NASBA memorandum, encouraging state boards' adoption of mutual recognition agreements. The Board discussed the fact that it cannot directly adopt the agreements. As the statute is written an individual from a foreign country holding a similar license would have to satisfy Mississippi requirements for licensure including education, examination, and experience. The Board could accept the examination offered by the U.S. International Qualifications Appraisal Board.
6. The Board reviewed and discussed a May 25, 2006, email, concerning the first issue of the AICPA *State Regulatory Update*.
7. The Board noted an announcement received by May 26, 2006, email, concerning the Public Company Accounting Oversight Board (PCAOB) May 23 vote to propose rules for annual and special reporting by registered firms.
8. The Board reviewed a July 17, 2006, letter from the New Mexico Public Accountancy Board to NASBA Chair Diane Rubin, recommending Leonard Sanchez for Director-at-Large nomination.
9. The Board reviewed the invitation to comment to a Financial Accounting Series release - joint proposal of the Financial Accounting Standards Board and the American Institute of Certified Public Accountants entitled *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies*. Comments are requested by August 15, 2006. The Board also reviewed and discussed the July 24, 2006, response from NASBA Chair Diane Rubin and NASBA President David Costello.

III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of June 30, 2006, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the twelve months (before lapse) ended June 30, 2006.
2. The Board reviewed the FY2007 *Approval of Fiscal Year Budget*, DFA Z-1 form, setting the spending authority/allotments for July 1, 2006 - June 30, 2007, in accordance with Senate Bill 3053, Chapter 49.

III. Administration (Continued)

3. The Board noted the June 15, 2006, letter from the Office of the State Auditor, Department of Property, reporting no findings and all property accounted for during the Board property audit.
4. The Board reviewed and the members present unanimously approved the draft budget request for the fiscal year ended June 30, 2008, for submittal to the Legislature and the Governor by August 1, 2006.
5. The Board heard a report from the Executive Director concerning the *5-Year Strategic Plan for the Fiscal Years 2008 - 2012*, to be completed and submitted to the Legislature and the Governor's Office August 15, 2006.
6. Upon motion by Willie Sims with second from Jim Burkes, the Board members present 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 members present voted that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of personnel matters.

Accordingly, the Board members present reopened the closed meeting unanimously 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 members present discussed that after the last meeting staff time and attendance was discussed with the Executive Director specifically the procedure for all employees to sign-in and out. The Executive Director is to report to the Chair when she is out of the office. The Board members present also discussed documenting all board operating procedures. The Board members present discussed the compensatory and flex time policy.

Within the Executive Session, and upon motion by Jim Burkes with second by Willie Sims, the Board members present unanimously voted to discontinue compensatory time for the Executive Director and compensatory time for the staff must be approved the Executive Director prior to accrual and use. The Board shall follow the compensatory leave policy set forth in Mississippi Code Section 25-3-92 which states: *When, in the opinion of the appointing authority, it is essential that a state employee work after normal working hours, the employee may receive credit for compensatory leave. Except as otherwise provided in Section 37-13-89, when in the opinion of the appointing authority, it is essential that a state employee work during an official state holiday, the employee shall receive credit for compensatory leave.*

III. Administration (Continued)

6. (Continued)

Within the Executive Session, and upon motion by Jim Burkes with second by David Clarke, the Board members present unanimously voted that the work hours for the Executive Director are 8 - 5. The Executive Director has the discretion to approve flexible work schedules for the staff on a quarterly basis within the times of 7 - 6.

Upon motion by Willie Sims with second by Rick Elam the Board members present voted unanimously that the Executive Director and Executive Committee will work with the State Personnel Board toward increasing the salary of the Investigator position toward a target of \$65,000 for fiscal year 2007 and review all other staff job descriptions for submittal to the State Personnel Board. Also, upon motion by David Clarke with second by Jim Burkes, the Board members present unanimously agreed to set the current fiscal year 2007 salary for the Executive Director at \$81,500.

Upon the conclusion of this business and discussions with the Executive Director, the Board members present voted to come out of Executive Session. The Board came out of Executive Session and resumed the open meeting.

IV. CPA Examination, Licensing and Firms

1. The Board members present unanimously approved the Window 2 - April-May 2006 CPA examination grades for 92 candidates, 125 examination sections. Twelve candidates from this window have completed all four examination sections.
2. The Board members present unanimously accepted the listing of candidate applications for the computerized examination (37 initial, 57 reexam) received since the May meeting, except for candidate 11841 whom lacks three semester hours of the accounting concentration requirement. The Board accepted the education of candidate 11813 from Universidad De Puerto Rico and accepted the education of candidate 11860 pending receipt of the official transcript.

IV. CPA Examination, Licensing and Firms (Continued)

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

<u>File</u> <u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11054	Jefferson Wilkes Carter III	5797	7/28/06	Yes
11003	Cassandra M. Dardar	5798	7/28/06	Yes
08353	Billy W. Gregory	5799	7/28/06	Yes
10951	Patty Smith Hammond	5800	7/28/06	Yes
11088	Diana Thornton Hardin	5801	7/28/06	Yes
11192	Robert E. Hollis, Jr.	5802	7/28/06	Yes
10459	Betty Jo Horton	5803	7/28/06	Yes
11083	Natalie Strong Hutto	5804	7/28/06	Yes
11677	Billy Rich Knox	5805	7/28/06	Yes
11722	Stephanie C. Palmertree	5806	7/28/06	Yes
11034	Celina Kaye Pennington			No (1)
11624	Jessie Lee Peterson	5807	7/28/06	Yes
10590	Emily Duke Provias	5808	7/28/06	Yes

(1) Lacks experience requirement.

Applications for Reciprocal CPA License

<u>File</u> <u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11855	Sarah Anmarie Ashley	R3199	7/28/06	Yes
11848	Alan William Beaton	R3200	7/28/06	Yes
11853	Alexander E. Chang	R3201	7/28/06	Yes
11876	Thomas Michael Cole	R3202	7/28/06	Yes
11845	Raphael Salvatore DiGrado	R3203	7/28/06	Yes
11844	Joseph W. Duchek	R3204	7/28/06	Yes
11849	David S. Hallet	R3205	7/28/06	Yes
11846	Michael Allan Hart	R3206	7/28/06	Yes
11847	Julie k. Hiblovic	R3207	7/28/06	Yes

IV. CPA Examination, Licensing and Firms

3. Applications (Continued)

Applications for Reciprocal CPA License (Continued)

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11854	George E. Klenovich	R3208	7/28/06	Yes
11820	Ryan C. Moore	R3209	7/28/06	Yes
11830	Jeffrey Allen Sartain	R3210	7/28/06	Yes
11850	Neha Yogesh Shah	R3211	7/28/06	Yes
11852	Otis Stewart, Jr.	R3212	7/28/06	Yes
11851	Charles W. Umsted	R3213	7/28/06	Yes

Applications for Reinstatement of CPA Licenses

File			
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Approved</u>
7899	Robert Louis Larsen	R2357	Yes
5938	Mahmoud K. Nabulsi	4475	Yes
11138	Justin H. Snell	R2916	Yes
4185	S.L. White, III	3778	Yes

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Thomas Michael Cole, CPA, P.C. Athens, AL	F1082	Yes
Culumber, Fletcher, Harvey & Associates, P.A. Gulfport, MS	F1083	Yes
Dixon Hughes PLLC Birmingham, AL	F1084	Yes
Ernst & Young LLP St Louis, MO	F1085	Yes

IV. CPA Examination, Licensing and Firms

3. Applications (Continued)

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Ernst & Young LLP Dallas, TX	F1086	Yes
KPMG LLP Dallas, TX	F1087	Yes
Kimberly D. McKinney, CPA PC Florence, MS	F1088	Yes
Sanderson CPA, PLLC Columbia, MS	F1089	Yes
The Stewart Group, LLC Homewood, AL	F1090	Yes

4. The Board reviewed a submitted amendment to a registered CPA firm, as follows:

<u>Name</u>	<u>Number</u>	<u>Description</u>
Robert E. Donnell III, P.C. Columbus, MS	F0122	Name change from Henderson & Cummings

5. The Board discussed and made suggestions for a potential key speaker for the November 18, 2006, CPA presentation ceremony.

6. The Board members present voted to deny a request from candidate 11837 for an extension to his examination NTS from December to January due to work related conditions. Jim Burkes abstained from the vote.

7. The Board members reviewed and discussed information related to the CPA examination including the:

- June 30, 2006, State Board letter sent to candidates, explaining the August 1, 2006, examination fee increases.
- July 20, 2006, email from AICPA, Craig Mills, concerning Window 1 2006 satisfactory score reporting.
- July 17, 2006, letter from the NASBA Exams Committee Chair requesting volunteers for a Board of Examiners BOE State Board Committee.
- July 24, 2006, letter from AICPA Board of Examiners Chair inviting members to participate in conference calls August 1 and 2, 2006.

IV. CPA Examination, Licensing and Firms (Continued)

8. The Board members present approved requests from CPAs for amendments to the 2006 CPE compliance requirements with Diane Day abstaining, as follows:

<u>Name</u>	<u>Number</u>	<u>Board Action</u>
Jennie T. Boyd	2349	Extension to 9/30/06 - 6 A&A hours
Rodney M. Fountain	5482	Extension to 9/30/06 - 4 A&A hours
Leslie C. Humphries	5731	Extension to 9/30/06 - 4.5 A&A hours
Constance N. Kirk	4502	Extension to 9/30/06 - 11 w/8 A&A hours
Thomas Wayne Kuluz	3952	Extension to 9/30/06 - 12 A&A hours
Gerald L. Price	1197	Waiver - medical reasons
Na'son S. White	5669	Waiver - active military duty

9. The Board members present discussed individuals with deficits or noncompliance due to their obtaining self-study CPE from sponsors not approved by the NASBA Quality Assurance Services (QAS) program. The Board reemphasized that only self-study CPE from QAS approved providers will be accepted. This requirement was effective July 1, 2005.
10. The Board members reviewed a listing of voluntary cancellations made by CPAs with CPE deficits and requested during the 2006 CPE reporting period:

<u>Name</u>	<u>Number</u>
Janet Marie Green	2557
Jared M. Hauser	R2999
Pattie Minton	2621
Richard L. Townsend	1005 (compliant)
Samuel H. White, Jr.	924

11. The Board members unanimously approved requests from CPAs for waivers of the 2006 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2007, as follows:

<u>Name</u>	<u>Number</u>
Thomas N. Harmond	732
Robert T. Jones	1886

V. Continuing Professional Education

1. The Board 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.	AmSouth Bank				
	1. Unending Changes: Some Good, Some Bad (Estate Planning & Tax Seminar)	8/22/06 8/23/06	Tax	6	Yes
B.	Association of Government Accountants				
	1. Implications of Sarbanes-Oxley for the Future of the Auditing Profession	3/01/06	A&A	2	Yes
	2. Wills, Trusts and Taxes	5/17/06	Other	1	Yes
	3. Improving Employer - Employee Relationship (Legal Matters)	5/17/06	Other	1	Yes
	4. 2006 AGA Spring Seminar (Gov. Auditing Standards, Revenue & Impairment of Assets Accting)	5/04/06	A&A	8	Yes
C.	Alexander, Van Loon, Sloan, Levens & Favre				
	1. Special Topics in Small Business Engagements	6/08/06	A&A	8	Yes
	2. Accounting & Auditing Update 2006 Edition	6/09/06	A&A	8	Yes
D.	Gleim Publications, Inc. (QAS provider)				
	1. AICPA Professional Ethics	Online Self Study	Ethics - General	4	Yes
E.	May & Company				
	1. Harnessing the Power of Quickbooks for Your Business - Intermediate & Advanced	5/18/06	Other	8	Yes
	2. Accounting & Auditing Update	5/31/2006	A&A	8	Yes
F.	MS Bankers Association				
	1. Bank Secrecy Act School (Anti-Laundering program)	6/20-21/06	Other	14	Yes

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>
G.	MSCPA				
	1. Mississippi Tax Institute	10/27-28/05	Tax	16	Yes
	2. Twentieth Century Heroes in 21 st Century Professional Ethics for the Post Modern CPA (Andrew Taggart)	10/28/05	Ethics - General	1	Yes
H.	Nail McKinney Prof Association				
	1. Accounting and Auditing Update	8/17/06	A&A	8	Yes
	2. Special Topics in Small Business Engagement	8/18/06	A&A	8	Yes
I.	Create Foundation				
	1. Wealth Management and Investing for Planned Giving	6/26/06	Other	2	Yes
J.	Office of the State Auditor				
	1. Education Audit Section - Internal Controls & SAS 99	6/05/06	A&A	6	Yes
	2. Education Audit Section - Legal Update, Analytical Procedures	6/06/06	A&A	8	Yes
	3. Agency Audit Division - Federal Audit Manual Update	6/14-15/06	A&A Other	15 1	Yes
	4. GASB #40 Deposit and Investment Risk Disclosures	6/22/06	A&A	2	Yes
K.	Positive Systems, Inc. (QAS provider)				
	1. Ethics for Mississippi	Self Study (Internet, CD, disk)	Ethics - General Ethics - MS	2 1	Yes
L.	SmartPros Ltd. (QAS provider)				
	1. Ethics for Mississippi	Online Self Study	Ethics - General Ethics - MS	2 1	Yes
M.	Strategic Financial Partners				
	1. Selecting a Retirement Plan for Your Business Clients	5/16/06	Other	2	Yes

V. Continuing Professional Education (Continued)

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.	Maxwell Systems, Inc.				
	1. Maxwell Management Suite - Computer Software Training	10/24-25/05	Other	9	Yes
	2. Maxwell Management Suite - Computer Software Training Requested by Debbie Brister	5/8-9/06	Other	11	Yes
B.	AICPA (QAS provider)				
	1. Real World Business Ethics: How Would You React? Requested by Ellen Falls	Self Study	Ethics - General	16	Yes
C.	2006 College Teaching & Learning Conference				
	1. The Better I Teach the Less My Students Learn Business Leadership Proceedings	Published Paper	Other	10	Yes
	1. Today's Special! AACSB Accreditation? Requested by Bill Francisco	Published Paper	Other	10	Yes
D.	Financial Management Network Smartpros (QAS provider)				
	1. Effective Governance in Ethical Organizations Requested by Jennifer Graven	Self - Study	Ethics - General	2	Yes
E.	U.S. Department of Labor				
	1. ETA Accrual Accounting & Financial Reporting for Discretionary Grantees Requested by Tonya Klauser	5/9-10/06	A&A	11	Yes
F.	AICPA				
	1. (Changes in Professional Ethics session) from AICPA National Governmental & Not-for-Profit Training Program Requested by Marcy Rideout	10/26/04	Ethics - General	2	Yes

V. Continuing Professional Education (Continued)

2. Individual CPE Requests (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
G.	Professional Education Services (QAS provider)				
	1. Ethics and Professional Conduct for CPAs Requested by Paul Rogers	Self Study	Ethics - General	4	Yes
H.	The Accounting Review				
	1. The Halo Effect in Business Risk Audits . . . IIA Research Foundation	Published Article	A&A	40	Yes
	1. The Role of Internal Audit in Sensitive Communications Journal of Business Ethics	Published Article	A&A	40	Yes
	1. Intentions to Report Questionable Acts . . . Arizona State University	Published Article	Ethics - General	3	Yes
	1. Hear/review doctoral Student Presentations/dissertations Requested by Joseph Schultz	Disserta- tions review	A&A	38	No
I.	AICPA (QAS provider)				
	1. In a CPA's Professionalism We Must Trust	Self Study	Ethics - General	1	Yes
	2. Ethics: AA&C LLP - Accounting Firm, Practice Development	Self Study	Ethics - General	1	Yes
	3. Ethics: Scrap Metal Aggregators, Inc. - You Are the Tax Return Preparer Requested by Jessica Steed	Self Study	Ethics - General	1	Yes
J.	The Ammerman Experience				
	1. Crisis Management Training Masterfoods USA	10/18/05	Other	7	Yes
	1. Managers' Communication Workshop Requested by Virginia Thompson	2/7/06	Other	4.5	Yes

3. The CPE committee discussed the procedures for reviewing CPE requests for each Board meeting. The Board members present approved the policy for future agendas. The Executive Director and staff will continue to review the CPE requests but will only submit copies to the committee of programs that need additional review or of which they have questions or concerns.

VI. Rules and Regulations

1. Committee Chair Jim Burkes discussed the May 24, 2006, committee meeting and the process for amending Chapter 3 of the Rules and Regulations.

VII. Regulatory Matters

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from May 24 to July 28, 2006:

<u>Activity</u>	<u>Number</u>
Cases Opened	3
Cases Closed	1
Cases referred to Members	3
Total Cases Open	12

2. Cases closed:

2006.18 - opened May 18, 2006. A nonlicensee was described as a CPA in a newspaper article. The Investigator closed the case with no probable cause to investigate further after evidence substantiating that the newspaper had incorrectly reported information supplied to it. The individual is licensed in Georgia and reported that she always discloses that fact. The individual was advised in writing of the criminal consequences as established by statute.

3. The Investigator reviewed the open case log by general description and provided a general report on the investigative activities.
4. The Board members present received the listing from the Mississippi Society of CPAs of CPA firms in the peer review program as of June 30, 2006. The Board members present also reviewed and approved a letter from David Miller, Oversight Committee member requesting an extension of time to provide its report until after the November face-to-face meeting of the peer review committee. The committee will provide its annual report to the Board at the November 18, 2006, Board meeting.
5. The Board discussed the expiration of the term of David Miller, CPA, Tupelo, from the Board Peer Review Oversight Committee. After reviewing possible CPAs from the Northern 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 Darrell Galey and Cecil Harper.

VII. Regulatory Matters (Continued)

6. The CPE Investigative Committee led by Diane Day discussed its procedures for handling late CPE reporting forms and CPE deficits for the compliance period ending June 30, 2006.

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member