

MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
March 24, 2006

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on March 24, 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
Angela L. Pannell

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 Secretary Willie Sims.
2. The Board members present unanimously approved the minutes from the January 27, 2006, meeting.
3. The Board members signed the CPA certificates of licensure from the December 16, 2005, and January 27, 2006, meetings

I. General (Continued)

4. The Board members set the start time for the next meeting and reviewed the tentative meeting dates and activities for the first part of 2006.

April 28	10:00 a.m.	Meeting
April 29	9:30 a.m.	CPA Presentation Ceremony
May 24		Meeting
May 31-June 2		NASBA Western Regional San Francisco
June 21-23		NASBA Eastern Regional Puerto Rico
June 22-25		MSCPA Annual Meeting Destin

5. The Board members unanimously approved attendance of members, Executive Director, and the Board's Legal Counsel for the NASBA Western Regional Meeting, May 31 - June 2, 2006, San Francisco, California, or the Eastern Regional Meeting, June 21 - 23, 2006, San Juan Puerto Rico. The Board will request that NASBA fund David Clarke's registration and travel, as a new Board member to attend the orientation program the day before the regional meeting.

6. The Board members noted that the *Statement of Economic Interest Manual* is due to the Mississippi Ethics Commission by May 1, 2006.

II. National Regulatory Concerns

1. The Board reviewed and discussed the January 26, 2006, NASBA memorandum from David Costello, forwarding Quarterly Communications including:
 - Highlights of the NASBA Board Meeting, January 20, 2006,
 - Minutes of NASBA Board Meeting October 28, 2005, and
 - NASBA Regional Directors' Report (Focus Responses)

2. The Board members reviewed and answered the NASBA Focus Questions as forwarded from Ted Long, Chair Committee on Relations with Member Boards, for response by April 11, 2006.

3. The Board reviewed the January, February, March 2006 NASBA *State Board Reports* and discussed certain articles.

4. The Board reviewed the February 1, 2006, NASBA memorandum from Michael Weatherwax, NASBA Nominating Committee, concerning the Nominating Committee and Board of Directors recommendations that are due May 22, 2006.

II. National Regulatory Concerns (Continued)

5. The Board reviewed and discussed information related to the AICPA-Center for Public Company Audit Firms (CPCAF) including:
 - March 3, 2006, NASBA letter from Diane Rubin, Chair-NASBA, and David Costello, President and CEO-NASBA, in response to CPCAF's Alert #93, and
 - CPCAF March 2, 2006, Alert #93, *State Board Requests for Information in PCAOB Inspection Reports*.
6. The Board noted various information related to the California Board of Accountancy Proposed Law Changes Related to Practice Privilege including:
 - California Board of Accountancy February 2006 Release,
 - AICPA News Update, concerning the California Board amendments,
 - February 15, 2006, AICPA letter, from Leslie Murphy and Barry Melancon, to the California Board of Accountancy, and
 - February 8, 2006, California Board letter to Washington Society of CPAs and February 3, 2006, Washington Society letter.
7. The Board noted eight letters from other Boards of Accountancy forwarding recommendations NASBA Vice Chair and one for Director at Large.
8. The Board reviewed a January 25, 2006, letter from the Colorado State Board of Accountancy to Robert Herz, Financial Accounting Standards Board, concerning standard setting.
9. The Board reviewed information from the Public Company Accounting Oversight Board (PCAOB) including:
 - February 9, 2006, release, entitled: *SEC Approved PCAOB Auditing Standard on Reporting on the Elimination of a Material Weakness*,
 - February 16, 2006, release, entitled: *PCAOB and SEC Announce Roundtable on Internal Control Reporting Requirements*,
 - Release [not dated] entitled: *Forums on Auditing in the Small Business Environment*, and
 - March 21, 2006, release, entitled: *Board Issues Releases on Process for Firms to Address Quality Control Criticisms in Inspection Reports*.
10. The Board noted the February 3, 2006, IRS release, addressing the Treasury and IRS Revise Circular 230 for Tax Professionals.

III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of February 28, 2006, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the eight months ended February 28, 2006.
2. The Board discussed the FY2007 Budget (Senate Bill 3053) as amended and with a March 25th deadline for Legislative appropriation conference reports.
3. The Board discussed open legislation which could affect the Board of Public Accountancy including:
 - Senate Bill 2472 - Professional licenses shall not expire while individuals on active military duty- sent to conference, and
 - SC509 and SC0518 - Study committees ad valorem tax & tax system - referred to rules.

IV. CPA Examination, Licensing and Firms

1. The Board members present unanimously accepted the listing of candidate applications for the computerized examination (9 initial, 23 reexam) received since the January meeting.

With no public present and no names or descriptions revealed, the Board did not go into executive session to discuss two initial applications for the CPA examination with special circumstances. After the Board members reviewed and discussed supporting documentation concerning a DUI first offense of candidate 11788 and a 1995 offense expunged from the record of candidate 11070, the Board unanimously approved the applications to allow the candidates to sit for the CPA examination.

IV. CPA Examination, Licensing and Firms

2. 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>
11288	James R. Armstrong	5762	3/24/06	Yes
11569	Edward Drew Brooks	5763	3/24/06	Yes
11089	Richard Allen Brown	5764	3/24/06	Yes
11412	Zian Chen	5765	3/24/06	Yes
11008	Lisa Louise Chesney	5766	3/24/06	Yes
11278	Nathaniel Jason Cummins	5767	3/24/06	Yes
11420	Nicole Hartin Dear	5768	3/24/06	Yes
10877	Melissa Ann Fulton	5769	3/24/06	Yes
11418	Tammy Y. Hultz	5770	3/24/06	Yes
11083	Natalie Strong Hutto			No (1)
11483	Marcus Stuart Kennedy	5771	3/24/06	Yes
11309	Eleanor Griffith LaPorte	5772	3/24/06	Yes
11016	Michael Stennis Little	5773	3/24/06	Yes
10959	John Paul Long	5774	3/24/06	Yes
10334	Paula West McCluskey	5775	3/24/06	Yes
10976	Shereka Mylanya Moore	5776	3/24/06	Yes
11282	Rebekah Dawn Morgan	5777	3/24/06	Yes
11321	Jennifer M. Sorenson	5778	3/24/06	Yes
11165	Frederick Alan Stuckey	5779	3/24/06	Yes
11071	Kimberly Tucei Tresch	5780	3/24/06	Yes
11147	Patti Jane Wallace	5781	3/24/06	Yes
11344	Amanda Leigh Wellington	5782	3/24/06	Yes
10702	Kevin G. Wolfe	5783	3/24/06	Yes

(1) Lacks necessary experience at this time for license.

IV. CPA Examination, Licensing and Firms

2. Applications (Continued)

Applications for Reciprocal CPA License

<u>File</u> <u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11797	Avneesh Ayyar	R3159	3/24/06	Yes
11781	Dean C. Bekas	R3160	3/24/06	Yes
11787	James Russell Butcher	R3161	3/24/06	Yes
11760	Rodney Scott Butler	R3162	3/24/06	Yes
11741	William C. Chesson	R3163	3/24/06	Yes
11766	James Bomar Davis	R3164	3/24/06	Yes
11738	Michael Lance Davis	R3165	3/24/06	Yes
11777	David Ronald Edwards	R3166	3/24/06	Yes
11771	Douglas C. Fahrnow	R3167	3/24/06	Yes
11767	Frederick Kurt Helfrich	R3168	3/24/06	Yes
11761	Jason Brent Holt	R3169	3/24/06	Yes
11755	Daniel William Jones	R3170	3/24/06	Yes (2)
11758	Laura Puryear Keith	R3171	3/24/06	Yes
11772	Benjamin C. Kimmerling	R3172	3/24/06	Yes
11729	Gary L. Lavender	R3173	3/24/06	Yes
11770	Larry E. Lee	R3174	3/24/06	Yes
11785	Alvin David Long, Jr.	R3175	3/24/06	Yes
11759	Paige Graves Nix	R3176	3/24/06	Yes
11784	Jason Lee Rader	R3177	3/24/06	Yes
11789	Christopher E. Robb	R3178	3/24/06	Yes
11799	W. Edward Schenkein	R3179	3/24/06	Yes
11802	Kurt W. Seland	R3180	3/24/06	Yes
11493	Akira Yamamoto	R3181	3/24/06	Yes (2)

(2) Pending registration of CPA firm permit.

IV. CPA Examination, Licensing and Firms

2. Applications (Continued)

Applications for Retired CPA Licenses

File Number	Name	Number	Approved
4865	Kathryn H. Durr	3549	Yes

Applications for Reinstatement of CPA Licenses

File Number	Name	Number	Approved
3351	Daniel W. Alexander	2960	No (3)
9943	Cheri Ann Bergeron	5342	Yes
0047	Edward A. Buckner III	2231	Yes
3255	Mary Elizabeth Chesney	3686	Yes
3830	Mickey W. Crane	3783	Yes
4055	David Culpepper	2847	Yes
4096	Linda P. Duckworth	3225	Yes
10326	Andrea Roney Gottwald	5628	Yes
8832	Edna F. Harris	4874	Yes
5231	Terry Hinds	3350	Yes
9538	Dorothy L. Morgan	5197	Yes
10918	Bob R. Robinson, Jr.	5539	Yes
8458	Charles Alan Saucer	5289	Yes
7880	Angela M. Thomas	4601	Yes
9332	Michael Youngblood	5131	Yes

- (3) Last registered 1992; previously held certificate only under prior one-tier system and was not active as grand-fathered licensee. Additional information needed to support experience for a license and required CPE.

Applications for Reinstatement of CPA (Retired)

File Number	Name	Number	Approved
2334	Billy C. Kirby	810	Yes

IV. CPA Examination, Licensing and Firms

2. Applications (Continued)

Applications for CPA Firm Permit to Practice

<u>Name</u>	<u>Number</u>	<u>Approved</u>
BKD, LLP St Louis, MO	F1057	Yes
Beason & Nalley, Inc. Huntsville, AL	F1058	Yes
Carr, Riggs & Ingram Birmingham, AL	F1059	Yes
Chatham, Seland & Lashley, PA Altamonte Springs, FL	F1060	Yes
Michael Lance Davis, CPA PC Athens, AL	F1061	Yes
Dixon Hughes, PLLC Hendersonville, NC	F1062	Yes
Tela A. Hemenway, CPA Ocean Springs, MS	F1063	Yes
PricewaterhouseCoopers, LLP Chicago, IL	F1064	Yes
Somerset, CPAs PC Indianapolis, IN	F1065	Yes
Stark, Winter, Schenkein LLP Denver, CO	F1066	Yes
Bryan White, CPA LLC Oxford, MS	F1067	Yes

3. The Board reviewed a listing of submitted amendments to registered CPA firms, as follows:

<u>Name</u>	<u>Number</u>	<u>Description</u>
Garrett & Garrett, PC Florence, MS	F0322	Name change from Louie F. Garrett, CPA
The Griffith CPA Firm, PLLC Olive Branch, MS	F1012	Address & name change from T. L. Griffith CPA
Traylor & Dethloff, CPAs Memphis, TN	F0869	Name change from Louis Traylor, CPA
King, Kimbrell and Assoc CPAs Grenada, MS	F0812	Name change from John Mark King, CPA PA

IV. CPA Examination, Licensing and Firms (Continued)

4. The Board discussed the April 29, 2006, CPA presentation ceremony. The ceremony is still scheduled to be held in the Old Supreme Court Chamber in the State Capitol. Also, Judge Randy Pierce, CPA, has agreed to provide the keynote speech for the ceremony.
5. The Board reviewed but disapproved a request made on behalf of CPA 3928 from an employee for refund of the \$100 annual registration late fee.
6. The Board discussed the February 28, 2006, NASBA letter addressing the examination fee increases. As AICPA is increasing the exam fee from \$45.00 to \$65.00 per section, NASBA is increasing its data base fee from \$10.00 to \$15.00 per section and Prometric is receiving a cost adjustment of \$.61 per hour, the Board members unanimously agreed to implement the fee increases effective August 1, 2006, in accordance with the NASBA recommendation. Therefore, any examination application received August 1, 2006, or after must include the new examination fees plus application fee. The new examination fees are as follows:

	<u>AUD</u>	<u>FAR</u>	<u>REG</u>	<u>BEC</u>
AICPA	\$ 65.00	\$65.00	\$65.00	\$65.00
Prometric	107.00	95.44	72.33	60.78
NASBA	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>
	<u>\$187.00</u>	<u>\$175.44</u>	<u>\$152.33</u>	<u>\$140.78</u>

7. The Board reviewed a request from Candidate 11536 for extension of his conditioned credit for AUD from May 29, 2006 to July 29, 2006, due to Hurricane Katrina. After discussions and in accordance with Governor Haley Barbour's Executive Order dated September 22, 2005, providing emergency provisions and pursuant to statutory authority, the Board granted his request for waiver of the eighteen-month rule and provide the candidate an extension of the conditioned credit.
8. The Board reviewed and discussed various information related to the CPA examination including:
 - January 31, 2006, AICPA letter, Re: Candidate Rescores,
 - February 15, 2006, AICPA letter, Re: Cause of Scoring Errors,
 - February 1, 2006, Contract Steering Group Letter, Re: Sim 1.5, CPA Exam Tutorial & Sample Tests, Simulation Functionality: the 1.5 Solution,

IV. CPA Examination, Licensing and Firms (Continued)

8. CPA Examination Information (Continued)

- March 9, 2006, letter from Board of Examiners, William Holder forwarding BOE meeting highlights January 2006, BOE strategic planning session, BOE summary of conference calls,
- AICPA's *How is the CPA Exam Scored?*
- February 3, 2006, Prometric letter with Board-by-Board report,
- Letters from three other Board concerning the examination, and
- March 22, 2006, letter from Jack Katzenmeyer, Chair, NASBA Examinations Committee, concerning requests for nominations for appointments to the AICPA's Board of Examiners and its related subcommittees.

9. The Board members noted receipt of the 2005 *CPA Candidate Performance on the Uniform CPA Examination* as compiled by NASBA.

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.	AARP Tax - Aide State Organization	1/9/-11/06	Tax	20	Yes
	1. Integrated Tax Law & Tax Software Training				
B.	Alexander, Van Loon, Sloan, Levens & Favre, PLLC	12/19/05	Ethics - General	3	Yes
	1. Ethics Update		Ethics - Rules	1	

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>
C.	Association of Government Accountants				
	1. Federal Income Tax Update	1 /24/06	Tax	1	Yes
	2. The Taxpayer Advocate Service: Don't Trash Your Problem	1 /24/06	Tax	1	Yes
	3. Electronic Tax Filing and Other Issues	1 /24/06	Tax	1	Yes
	4. MS State Income Tax Update	1 /24/06	Tax	1	Yes
D.	Institute of Internal Auditors - Central MS Chapter				
	1. The Art of Profiling	6/6-7/06	Other	15	No (1)
E.	May & Company, LLP				
	1. Annual Pre-Tax Season Update	1/13/06	Tax	3	Yes
F.	Midsouth Institute of Accountants Spring 2006 CPE Program				
	1. Ethics, MS Rules and Regulations	5/17/06	Ethics-General	3	Yes
			Ethics-Rules	1	Yes
	2. A&A Seminar	5/22/06	A&A	8	Yes
G.	MSCPA				
	1. Accounting for Stock Options & Other Stock- Based Compensation	5/24/06	A&A	8	Yes
	2. Cash and Tax Basis Financial Statements - Alternatives to GAAP and Reporting Requirements	6/7/06	A&A	4	Yes
	3. Conducting Government Audits Under GAAS, GAGAS and The Single Audit	12/8/06	A&A	8	Yes
	4. Internal Controls and Technology Tools for Preventing and Detecting Fraud	8/11/06	A&A	8	Yes
	5. Mississippi Technology Conference	5/15-16/06	Other	16	Yes
	6. Section 199 Benefitting From the Production Activities Deduction	6/2/06	Tax	8	Yes

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>
H.	North MS Planned Giving Council c/o Create Foundation				
	1. Check Fraud and Identity Theft	3/23/06	Other	2	Yes
I.	Patterson School of Accountancy Accountancy Weekend				
	1. Ethics, MS Rules and Regulations Dr. Steve Wells	4/28/06	Ethics Rules	1.5	Yes
	2. Worldcom Warnings: What went wrong and Corporate Governance Lessons Learned	4/28/06	Ethics- General	2	Yes
J.	Viking Range Corporation				
	1. MS Sales Tax & Use Tax	6/1/06	Tax	8	Yes
K.	Williams Financial Group				
	1. Real Estate Exchanges	TBD	Other	1	No (2)

(1) Personal development programs are not acceptable for continuing professional education.

(2) Pending content to determine if meeting is for purpose of selling services or a product which is not acceptable continuing professional development.

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.	Baker Atlas/Baker Hughes				
	1. Introduction to Oil and Gas Technology Requested by J. Newman & J. Bassi	1 /24- 25/06	Other	16	Yes

VI. Rules and Regulations

- The Board members reviewed a March 13, 2006, email from Board member Rick Elam concerning additional definitions of "accounting" for Board consideration. The Board members discussed the various definitions and determined to refer this back to both the Rules and Regulations and CPE Committees for further evaluation.

VII. Regulatory Matters

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from January 27 to March 24, 2006:

<u>Activity</u>	<u>Number</u>
Cases Opened	3
Cases Closed	6
Cases referred to Members	0
Total Cases Open	15

2. Cases closed:

Case 2003.12 - opened April 3, 2003. The U.S. Department of Education, Office of Quality Control Review (QCR), referred to the Board a copy of preliminary findings on its review of one of a licensee's audit reports and related working papers. After the QCR stated the licensee responded to its findings and that most issues were resolved, the case was closed with no probable cause to investigate further at this time. Although this matter is closed, the QCR intends to select another of the licensee's engagements for review in the future.

Cases 2005.12-20, 2005.12-72, 2005.12-110, and 2005.12-129 - opened October 3, 2005. Licensees submitted 2005 CPE reporting form with deficit hours. The licensees signed consent orders which required obtaining the deficit hours in addition to 50% penalty hours and payment of the costs of the investigation. The licensees complied with the consent orders and were therefore released from the orders by the Trial Board.

Case 2006.03 - opened February 16, 2006. A non-licensee was listed as a CPA in a newspaper article. The non-licensee responded to the Board Investigator's letter that he did not tell the newspaper reporter that he was a CPA. The editor of the paper replied to the investigation and confirmed that they erroneously listed the accountant as a CPA. With no probable cause to investigate further, the case was closed.

3. The Investigator reviewed the open case log by general description and reported on the investigative activities.

VIII. Trial Board

1. The Board members present unanimously voted to convene as the Trial Board for the purpose of considering matters related to disciplinary cases.
2. The Board did convene as Trial Board for the purpose of reviewing a request from an individual who canceled his license while an investigative case was open and he was not in compliance with the 2005 CPE requirements. His permanent record is documented with a remand order concerning the noncompliance. The Board reviewed his request for reconsideration of the Trial Board action. After discussion, the Trial Board acknowledged his request but noted that he is not eligible to hold-out as a CPA and must make-up the CPE and the deficit hours in order to reinstate his license.
3. The Board continued as Trial Board and heard a report from the Jean Shepherd Investigative Committee concerning complaint 2004.14 wherein Ralph A. Lee, CPA R2877, is charged with violating rule 6.17.9. Mr. Lee's license was acted against by the Florida Board of Accountancy in the matter of case 2004-039926.

Mr. Lee executed a consent order with the committee to contract by means of a Letter of Preissuance Review Understanding with an acceptable CPA in review prior to issuance all audited financial statements, auditor's reports and workpapers for all related engagements on Mississippi clients.

Upon motion by David Clarke with second from Rick Elam, the Board approved the executed consent order. Votes were: For Jim Burkes, Willie Sims, David Clarke, Diane Day, Rick Elam; Absent: Angela Pannell; and Recused: Jean Shepherd.

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

APPROVED:

Chair

Board Member

Vice Chair

Board Member

Secretary

Board Member

Board Member