

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY  
RULES AND REGULATIONS COMMITTEE  
MINUTES  
May 24, 2006**

The Rules and Regulations Committee of the Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on May 24, 2006, following the regular meeting of the Board. The following record of that meeting was maintained.

Committee Members Present

Jim E. Burkes, Chair  
Jean T. Shepherd  
Rick Elam

Other Members Present

Willie B. Sims, Jr.

Board Staff Present

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

Legal Counsel Present

Onetta Whitley, Deputy Attorney General

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1. Committee Chair Jim Burkes introduced the purpose and scope of the meeting as the preliminary review and discussion of Chapter 3, CPA Firm Permits, of the Board Rules and Regulations.
2. The Committee noted the Mississippi Code Sections as listed below that relate to the registration or requirements of CPA firm permits:

MISS. CODE SECTION	DESCRIPTION
73-33-1	CPA practicing public accounting must be associated and registered with a CPA firm. Exception CPA acting as a sole proprietor. CPA firm must meet qualifications as set and determined by the board.
73-33-2	CPA firm defined.
73-33-5	Board power and duties. Adopt and enforce related rules and regulations; issue CPA permits to practice pursuant to rules and regulations.

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2. Mississippi Code Sections review: (Continued)

MISS. CODE SECTION	DESCRIPTION
73-33-7	Authority to charge fees (not permitted for firm permits); CPA firms must register on or before January 1; cancellation provisions.
73-33-11	Trail Board authority to take action against permit holder; states conditions- notice, hearing, record, minutes; costs may be imposed; appeal process and applicable court.
73-33-12	Peer review records privileged.
73-33-13	Criminal offense to falsely represent as CPA firm without permit or assume to practice without permit.
73-33-15	Unlawful and criminal offense for other than CPA firm permit holder to issue, sign, permit name to be associated with report, etc. as result of examination, express an opinion, or other attestation; offer to perform services as CPA/CPA firm; maintain office as CPA firm; exceptions.
73-33-16	CPA workpapers, records and client confidentiality.
73-33-17	Temporary if incident practice provision for other state CPA/firm.

3. After reviewing the relevant statutes the Committee members discussed certain specifics within the law including the definition of CPA firm, form of ownership, qualifications set in the rules and regulations.
4. The Committee reviewed and discussed in detail current problems and concerns of the Board and as experienced by the staff in administration of Chapter 3 as currently written. In general, the topics discussed included:
  - A. Overall - Chapter 3 is confusing with weak structure. For example, specific requirements as delineated for partnerships not clearly expanded for other type of entities; and three sections - general, specific, reinstatement of CPA firm permit - could be improved for clarity.
  - B. Out-of-state CPA firms issues - nonCPA ownership not allowed in Mississippi, but is in other states practicing accounting for Mississippi clients; lack of clarity in specific areas, such as different requirements concerning firm names (states' allowing specialities), allowed organization and form of ownership (other states' have no restrictions due possibly to nonCPA ownership); confusion with out-of-state CPAs working on MS clients, but not licensed; peer review differences.

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4. Committee review of current problems and concerns: (Continued)
    - C. CPA firm ownership - equity ownership requirement, clear defined or explained? in need of clarity to prevent loopholes?
    - D. CPA firm names - “and company” “and associates”; must be actual CPA licensees names/initials; concern difference with other Board’s acceptance of registered fictitious names or lack of same restrictions, such as other states’ allowance of speciality in CPA firm names; national firm issues; need wording to distinguish CPA firm name versus advertising that can be perceived as part of a name; concern other states name not just CPAs, etc.
    - E. Form of ownership - some firms are general corporations, not professional corporations; LTD or Limited in firm name; no grandfather clause when requirements adopted.
    - F. Reciprocity requirements for firms - needs to be written to provide requirements and clarity for out-of-state firms; internet practice; goal-protection of the public in Mississippi
  5. The Committee discussed the need to evaluate Chapter 7 and any other applicable section of the Uniform Accountancy Act and Rules as it considers its review of Chapter 3.
  6. The Committee determined to also study and evaluate other jurisdictions’ requirements related to CPA firms and directed the staff to prepare an analysis in spreadsheet format. The staff will list at least the four surrounding states’ related requirements (Alabama, Arkansas, Louisiana, Tennessee) in addition to certain other states including but not limited to California, Kentucky, North Carolina and Texas.
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Chair

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Member

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Member