MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
September 19, 2014

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi on September 19, 2014, beginning at 8:30 a.m. The following record of that meeting was maintained.

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

Board Staff Present
Ransom C. Jones, Executive Director
Andy Wright, Board Investigator
Lane McNeal, Administrative Assistant

Legal Counsel Present
Gloria Green, Special Assistant Attorney General
Romaine Richards, Hearing Officer, AG

Others Present
Ed Jones, MSCPA
Bill Felder, Peer Review Board Oversight Committee
Katie Lusk, Brooks Court Reporting

I. General

1. The Board opened the meeting with an invocation from Willie Sims.

2. The Board members unanimously approved the minutes from the August 15, 2014 meeting and the August 15, 2014 special meeting.

I. General (Continued)

3. The Board set next and tentative meeting/activity dates for 2014:
   November 2-5 NASBA Annual Mtg
   November 14 10 a.m. Jackson State University campus
   November 15 CPA Ceremony at New Capitol
   December 12 8:30 a.m.

II. National Regulatory Concerns

1. The Board noted the AICPA's invitation to comment, requesting feedback from key stakeholders to shape the next version of the Uniform CPA Examination.

2. The Board noted the September 8, 2014, email from AICPA regarding the Exposure Draft issued August 29, 2014, by the Professional Ethics Division.

3. The Board noted the Journal of Accountancy article dated August 29, 2014, titled "FASB's proposed 2015 GAAP taxonomy available for comment."

4. The Board noted the August and September 2014, NASBA State Board Reports.

III. Administration

1. The Board reviewed a Balance Sheet by Fund as of August 31 2014, for Funds 3845 and 3850. The Board then reviewed the FY 2014 Appropriation/Actual Expenditures for the 13 months ended July 31, 2014 and also the FY 2015 Appropriation/Actual Expenditures for the 2 months ended August 31, 2014.

2. The Board discussed MSBPA IT project status: Updates on ITS LARS Licensing Database Progress; Data Capture Project; Online CPE Reporting Form Project. The Board discussed timeline for development, testing and implementing the MSBPA (ITS) LARS Licensing Database System.

3. The Board discussed the AT&T T-1 data line and noted an email dated August 21, 2014, from Brian Norwood, Asst. Director, Telecom Services of ITS. The Board discussed the comparison if ITS invoices for the old DSL data line vs the current T-1 data line.

III. Administration (Continued)

4. The Board approved seven additional per diem days at $40 per day, for Board members David Miller and one day for Angela Pannell.

IV. CPA Examination, Licensing and Firms

1. The Board members unanimously ratified the Window 3 - July - August 2014 CPA examination scores for 183 candidates, 225 examination sections. Seventeen (17) candidates completed all four examination sections.

2. The Board members present unanimously accepted the listing of 75 candidate applications for the computerized examination (21 initial, 54 reexam) received since the August meeting.

3. The Board reviewed one special considerations:
   - Approved extension of expired credits; AUD to 11/30/2014 and BEC to 2/28/15.

4. 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 No	Name	Number	Approved
13461	Sabrina Gayle Baio	6394	Yes
13488	Shaoqing Liu	6395	Yes
11907	Kimberly Ann Lucius	6396	Yes
13410	William David Mitchener	6397	Yes
13595	William Seth Sligh	6398	Yes
13384	Marian Rebecca Tillman	6399	Yes
13398	Trent Forrest Yeatman	6400	Yes
13101	Min Zhao	6401	Yes

IV. CPA Examination, Licensing and Firms (Continued)

Applications for Reciprocal CPA Licenses

File No	Name	Number	Approved
13710	James Donald Feazell	R3655	Yes
13654	Christopher Lee Frierson	R3656	Yes
13716	Christopher Scott Griffith	R3657	Yes
13702	Alison Michelle Lombardo	R3658	Yes
13641	Cheyenne Casey McNeer	R3659	Yes

Applications for Reinstatement of CPA Licenses

FileNo	Name	Number	Approved
01676	Jack F. Burke, Jr.	841	Yes

Applications for CPA Firm Permit to Practice

Name	Number	Approved
Byerley, Payne & White, CPA, PA Seneca, SC	F1697	Yes
CliftonLarsonAllen LLP Phoenix, AZ	F1698	Yes
DiPiazza LaRocca Heeter & Co., LLC Birmingham, AL	F1699	Yes
Pattie Grossman, CPA Itta Bena, MS	F1700	Yes
Henderson Hutcherson & McCullough Chattanooga, TN	F1701	Yes
Richard G. Vaughn, CPA Brandon, MS	F1702	Yes

IV. CPA Examination, Licensing and Firms (Continued)

Application for Reinstatement of a CPA Firm Permit to Practice

Name	Number	Approved
Jack F. Burke Jr., CPA Hattiesburg, MS	F0199	Yes

Amendments to Registered Firms

Name	Number	Description
Ronnie S. Windham CPA PLLC Oxford, MS	F0861	Name Change from Ronnie S. Windham CPA

5. The Board members took the following actions related to requests for amendments to the 2014 CPE compliance requirements and granted extensions to October 31, 2014:

Name	Number	Board Action
Wayne E. Myles	2934	52 CPE hours
Frederick Broyles	2547	15.5 CPE hours
Sarah Buffington	3447	24 CPE hours
Toby A. Butler	5345	49 CPE hours

6. The Board members took the following actions related to requests for waivers and penalty waivers to the 2014 CPE compliance requirements:

Name	Number	Board Action
L. Yerger Lurate	6099	Extension to 12/31/14 - 23 CPE hours
Paul C. Shelton	2175	Extension to 12/5/14 - 20.5 CPE hours

IV. CPA Examination, Licensing and Firms (Continued)

7. The Board reviewed a listing of voluntary cancellations made by CPAs requested during the 2014 CPE reporting period:

Name	Number
Michael Nelson Bailey	5679 (compliant)
Candace Feazell	R3629

V. Continuing Professional Education

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

	Sponsor/Program Title	Dates	Hours	Approved
A.	Ameriprise Financial			
	1. 2014 CPE Seminar	7/24/14	8	Yes
B.	Nail McKinney Professional Assn			
	1. Accounting Update	9/17/14	8	Yes
	2. Auditing Update	9/18/14	8	Yes
C.	Petroleum Accountants Society of MS			
	1. Overview of the Oil Industry of the Past 10 years- the Good and Bad	8/27/14	1	Yes
D.	The University of Alabama			
	1. Alabama Insurance Day	10/8/14	6	Yes

V. Continuing Professional Education (continued)

2. Individuals Requests

	Sponsor/Program Title	Dates	Hours	Approved
A.	Billy Morehead, Ph.D., CPA 1. Ethics - Update 2014-2015 (Including MS Rules and Regs) *Requested by Billy Morehead*	Various	4 Ethics (3 General 1 Rules)	Yes
	Accounting History Journal			

VI. Rules and Regulations

The Board reviewed adoption of the proposed Rule Amendments as discussed at the August 15, 2014 Board Meeting:

1. Under current *Rule 1.1. Violations*, Add new rule 1.2.2. to classify reports using standard SAARS language issued by non-licensees as deceptive, and therefore in violation of the act. Provide "safe harbor" report language taken from UAA Model Rules.
   - *Current Rule 1.2* ***Violations*** re-numbered as *1.2.1.* (Use of term "certified". .)
   - *New Rule 1.2.2.* ***Violations*** (Use of SAARS language by non-licensees)
2. Amend *Rule 2.5.1 Retired Status,* add language to describe services retired CPAs do not perform, and remove "is no longer engaged in the practice of public accountancy or employed in industry . . ."
   - *Revised Rule 2.5.1* ***Retired Status***

VI. Rules and Regulations (continued)

The Board reviewed adoption of the proposed Rule Amendments as discussed at the August 15, 2014 Board Meeting: (continued)

3. Amend *Rule 2.5.2. Permanent Disability Status* to remove the requirement that the licensee must provide a notarized affidavit. Replace with requirement for "a statement" from the licensee's physician.
   - *Revised Rule 2.5.2* ***Permanent Disability Status***

4. Amend *Rule 2.5.3. Retirement Status or Permanent Disability,* add language "described in Rule 2.5.1" in place of "regulated by this Board.."
   - *Revised Rule 2.5.3* ***Retirement Status or Permanent Disability Status***

5. Amend *Part 1 Chapter 10, Definitions: Resident Manager* to remove the last sentence "This licensee's actual physical location must be at that office and not at another location"; and *Holding out as a CPA or CPA firm* delete "industry or government" from the second sentence.
   - *Revised Part 1 Chapter 10: Definitions,* ***Resident Manager***
   - *Revised Part 1 Chapter 10: Definitions,* ***Holding out as a CPA or CPA firm***
6. Amend Fee Schedule to include a statement that the Board shall charge a fee on CPA License Applications for background and criminal checks in accordance with Board Rule 2.1.4.(b).
   - *Revised* ***Schedule of Fees***

II. Regulatory Matters

1. The Board heard a report from Investigator Andy Wright and approved the regulatory activities from August 15, 2014, to September 19, 2014:

Activity	Number
Cases Opened	47
Cases Closed	49
Cases referred to Members	2
Total Cases Open	24

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

Cases Closed:

Case 2011.05 was opened July 13, 2011, based on failure to disclose AL Board discipline on his MS license renewal. Case was closed via Stipulation and Consent Agreement without reportable discipline.

Case 2013.13 was opened October 11, 2013, based on complaint from client officer located outside the U.S. alleging fraud. Licensee offered explanation and disagreement with client's allegations. Complainant was asked for additional evidence and received none. Case was closed without disciplinary action.

Case 2014.07 was opened February 4, 2014, based on CPA Firm receiving consecutive "pass with deficiencies" peer review ratings. All conditions of Peer Review Program acceptance were met and case was closed without disciplinary action.

Case 2014.17 was opened February 24, 2014, based on staff discovery of a TN office of an AL based CPA Firm performing a Government Auditing Standards audit for a MS based entity. Firm obtained a permit and executed a Stipulation and Consent agreement.

VII. **Regulatory Matters**(Continued)

Cases closed (continued):

Case 2014.22 was opened March 27, 2014, based on complaint with evidence that former licensee was holding out as CPA when preparing tax returns. Licensee earned all delinquent CPE required and applied for reinstatement of license and firm permit. Case was closed via Stipulation and Consent Agreement with reportable discipline and assessment of $2,500.00 penalty.

Case 2014.26 was opened April 3, 2014, based on staff discovery of a TN CPA Firm performing a Government Auditing Standards audit for a MS based entity. Firm obtained a permit and executed a Stipulation and Consent agreement.

Case 2014.30 was opened May 1, 2014, based on staff discovery of a new firm that did not have a firm permit. After satisfactory application for firm permit and execution of stipulation and consent agreement, case was closed.

Case 2014.34 was opened July 10, 2014, based on discovery of AL CPA firm on DOL list performing audit of MS based entity without a firm permit. Firm obtained a permit and executed a Stipulation and Consent agreement.

Case 2014.36 was opened July 15, 2014, based on discovery of TN CPA firm on DOL list performing audit of MS based entity without a firm permit. Firm obtained a permit and executed a Stipulation and Consent agreement.

Case 2014.38 was opened July 24, 2014, based on discovery of SC CPA firm performing a Government Auditing Standards audit for a MS entity. Firm obtained a permit and executed a Stip and Consent agreement.

Cases 2014.40-1 through 2014.40-39 were opened August 15, 2014, based on various requests for CPE reporting extensions, waivers, and exemptions. Cases were closed based on Board approval of the various extensions, waivers and exemptions.

VII. Regulatory Matters(Continued)

3. The Board approved a request from a CPA firm for a peer review extension to December 31, 2014, for permit numbers F0264, F0830, F0880, F0919, F0920, and F0956.

4. The Board heard Bill Felder, a member of the Board's Peer Review Board Oversight Committee, give the annual report on Oversight of AICPA Peer Review Program Administered by MSCPA for Year Ended June 30, 2014.

VIII. Trial Board

1. The Board members present unanimously voted to convene as the Trial Board for the purpose of considering matters related to a disciplinary case. Rick Elam, Trial Board President, was the presiding officer. Gloria Green, Special Assistant Attorney General, was the presenting attorney. Romaine Richardson, Special Assistant Attorney General, was the hearing officer.

2. At 9:30 a.m., the Board continued as Trial Board for the purpose of hearing Case 2014.21, License Number 5356, and Firm Permit Number F1207, related to a CPA Firm's alleged failure to complete a peer review. Vice Chair Jim Burkes was recused from deliberations on this matter.

   Within the Trial Board the Board heard evidence from witness Andy Wright, Associate Director, Investigations. The respondent, Kayla Paul-Lindsey, allegedly failed to comply with: Chapter 5 requirements related to peer review including Rules 5.3.2., 5.3.3., and 5.6.1.. Mr. Wright's testimony also alleged that respondent violated several sections of Chapter 6 of Board Rules and Regulations that prohibit CPAs and/or CPA firms from knowingly misrepresenting facts by failing to disclose to the Board that her firm had performed audits and/or compilations. It was further alleged that respondent made false and misleading representations that neither she or her firm had performed engagements that require peer review.

   Following discussion and the administrative Trial Board hearing and upon motion by Willie Sims with second from Angela Pannell, 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 upon motion by Willie Sims with second from Angela Pannell voted 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 Willie Sims with second from Angela Pannell 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.

VII. Trial Board (Continued)

2. Administrative Hearing (Continued)

Within the Executive Session, the Board took the following actions:

Upon motion by David Miller with second from Angela Pannell the Board determined that the respondent Kayla Paul-Lindsey, d/b/a/ Kayla Paul-Lindsey, CPA Firm P.C., had indeed violated the noted Board Rules and Regulations as charged. The Board ordered that:

- The respondent pay all investigative, legal, and hearing costs of this matter in the amount of One Thousand Nine Hundred Sixty Dollars ($1,960.00) and assessed a civil penalty of Two Thousand Dollars ($2,000.00) both to be paid by check or money order within 30 days of the date of the Order.
- From and after September 19, 2014, the Respondent is immediately prohibited from performing any new engagements that would require peer review, including audits, compilations, and reviews, until the Respondent obtains all delinquent peer reviews.
- Any engagement that would require peer review that Respondent was engaged to perform as of September 19, 2014, shall be subject to pre-issuance review by an external qualified individual or firm approved, in writing, in advance by the Board. The review must be completed before an engagement report is released by the Respondent and must be consistent with the quality control standards issued by the American Institute of Certified Public Accountants and the procedures and responsibilities issued by the Board on pre-issuance reviews.
- The Respondent shall complete the peer reviews for the three-year periods ending June 30, 2009 and June 30, 2012 and any other peer review required for the period or periods prior to the date of this Final Order. The Respondent must complete the peer review or reviews required hereunder, and must submit poof of completion of the peer review(s) to the Board, by December 31, 2014.
- This action and order of the Board shall be public record and may be shared with other licensing boards (in- and out-of-state) and the public.

Votes were - For: Rick Elam, David Clarke, David Miller, Angela Pannell, Mark Peach, Willie Sims; Against: None; Absent: None; and Recused: Jim Burkes.

VII. Trial Board (Continued)

2. Administrative Hearing (Continued)

Upon the conclusion of this business and upon motion by David Miller with second by Willie Sims, 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. Upon conclusion of Trial Board business, the Board adjourned as Trial Board.

APPROVED:

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Chair	Board Member
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Vice Chair	Board Member
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Secretary	Board Member
	____________________________
	Board Member