

**OKLAHOMA ACCOUNTANCY BOARD  
MINUTES OF MEETING AND HEARINGS  
October 26, 2001**

The Oklahoma Accountancy Board convened in regular session on Friday, October 26, 2001 in the Mezzanine Room at the Shepler Center on the Cameron University Campus in Lawton, Oklahoma. Notice of the meeting was filed with the Secretary of State and the agenda for the meeting was posted in both the reception area of the Board's office and at the Mezzanine Room on campus in compliance with the Open Meeting Act. A tape recording of the meeting is on file in the Board office. Members present at the meeting:

Archer M. Honea, Chairman  
Tom Dugger, Vice Chairman  
James A. Nickles, Secretary  
Harold L. Russell, Member  
Carlos E. Johnson, Member  
E. B. St. John, Member  
Jeanette C. Timmons, Public Member

In attendance at the meeting: Edith Steele, Deputy Director; Douglas Price, Assistant Attorney General and legal counsel to the Board; Barbara Walker and Donita Graves, Board staff members. Daryl Hill, Executive Director, represented the Oklahoma Society of CPAs. Visitors to the meeting were Jeffrey C. Stabler, CPA, Carl Jones, J.H. Edwards, Gary Jones, CPA, Rhonda Little, CPA; and professors and students from Cameron University.

**Call To Order:** At 8:40 a.m. Chairman Honea called the meeting to order and declared a quorum present. All members were in attendance.

**Chairman's Remarks:** Chairman Honea explained the Board's purpose for the benefit of the visitors. All Board members were introduced and Chairman Honea recognized the attendance of accounting students and registrants at the meeting. He also noted this was the second meeting to be held outside of Oklahoma City and the first meeting held outside a metropolitan area in addition to expressing his appreciation for Cameron University's support. Chairman Honea recognized the attendance of three faculty members and members from the OSCP and OSA. He encouraged the students to participate in these organizations and to proctor future examinations once they are certified. Chairman Honea invited the Board members to make any comments to the audience.

**Consent Agenda:** The Consent Agenda contained 3 items for the Board's consideration: (1) Approve the minutes of the September 28, 2001 Board meeting; (2) Approve to contract with attorney for review of the examination contract between Prometric, AICPA, and NASBA; and (3) Take official notice of the files acted on by the Deputy Director since the previous meeting.

Nickles moved to postpone approval of the minutes for corrections until next month; Honea second. Unanimous affirmative vote.

Russell moved to approve the Consent Agenda with the exception of the minutes; Johnson second. Unanimous affirmative vote.

Chairman Honea explained the different types of agendas which were used in the course of the board meeting.

**Case Nos. 1478-2 through 1478-52 – Firm Registration Hearings:** Douglas Price, Assistant Attorney General, summarized the hearing conducted by him as Hearing Officer on Monday, October 8, 2001. He stated that in all the cases in which exhibits were offered, the findings were that notices of hearing were properly given. Mr. Price recommended revocation of the following firms which failed to register and pay the annual registration fee, and he asked the Board to move to accept the findings and recommendations from the hearing.

The following firm registrations were revoked:

**CPA Limited Liability Partnership:**

1478-3 Cotton & Company LLP

**CPA Professional Corporations:**

1478-8 Bond & Associates, P.C.  
 1478-16 Curtis J. Davidson, CPA, Inc.  
 1478-20 David E. Webb & Company, Inc.  
 1478-40 Paul B. Leathers, Inc.  
 1478-49 Wilson & Maberry, Inc.

**Case Nos. 1477-8 through 1477-28 – Individual Permit Hearings:** Douglas Price, Assistant Attorney General, summarized the hearing conducted by him as Hearing Officer on Monday, October 8, 2001. He stated that in all the cases in which exhibits were offered, the findings were that notices of hearing had been properly given. The registrants failed to file the applications for permits to practice public accounting or failed to change the registration information on file with the Board to reflect that the registrants were no longer practicing public accounting in Oklahoma. Mr. Price recommended two-year suspensions for the following registrants if they fail to apply for permits by close of business on the Board meeting date. He asked the Board to move to accept the findings and recommendations from the hearings.

Chairman Honea added that there is a requirement for registrants to notify the Board of any changes to their address and employment status within 30 days and gave the Board's website. Mr. Johnson clarified that being in public practice includes all pro bono

work. Chairman Honea offered the example that registrants preparing tax returns without compensation are still required to hold a permit as a CPA or PA.

The following CPA certificates were ordered suspended for a period of two years or until the registrants comply with the statute.

<u>Registrant's Name</u>	<u>Case No.</u>	<u>CPA Certificate No.</u>
David Frye	1477-8	12152
Richard Rentsch	1477-13	14928
Elizabeth Skarke	1477-26	13768
George Underwood	1477-28	622

Nickles moved to adopt Price's recommendation, not including Case No. 1477-19; Dugger second.

Affirmative votes: St. John, Russell, Nickles, Dugger, Honea, Timmons, Johnson.

At the direction of Chairman Honea, Deputy Director Steele explained to the audience the reason these individuals were subject to this administrative hearing.

**Case No. 1477-19 -- Susan Whelchel:** Mr. Price explained Ms. Whelchel had filed an application for a permit; however, she did not show satisfactory completion of the CPE requirements and she failed to state that she was no longer practicing public accounting. Deputy Director Steele referred to Barbara Walker, CPE Coordinator, who recommended adding Susan Whelchel to this year's CPE audit. Mr. Price concurred. Secretary Nickles asked if Ms. Whelchel had met the CPE requirements for this filing period. CPE Coordinator Walker replied in the affirmative, but added Ms. Whelchel had not provided documentation of the CPE courses reported that was required in the hearing letter.

Dugger moved to include Whelchel in this year's CPE audit; Nickles second. Affirmative votes: St. John, Russell, Nickles, Dugger, Honea, Timmons, Johnson.

Chairman Honea introduced the staff who were present at the meeting.

**Report on Special Accommodations for ADA Candidates Sitting For the November 2001 Examination:** Deputy Director Steele reported on the two candidates (one initial, one re-examinee) requesting the same accommodations of a stenographer and a separate room. The initial candidate agreed to the accommodations made but might request alternative accommodations at the next examination. Russell asked for clarification on the issue of the initial candidate requesting the use of a computer. Deputy Director Steele answered that the candidate's request had been for the exam to be on the computer and that such a request could not be granted because a computerized examination is not available.

**Report on Status of CPE Audit:** CPE Coordinator Barbara Walker reported that a population of 4,382 permit numbers was sent to the State Auditor's office for a true statistical sampling and that the State Auditor's office sent a letter to the Board explaining how the random audit sample was obtained. She commented that audit letters were sent on October 1<sup>st</sup> in addition to suggesting that next year's audit begin after October 15 since this tax deadline is a conflict for public practitioners. Ms. Walker reported that 6 of those selected for audit had not yet responded, while another 4 had requested additional time in providing the Board with the required documentation. She explained that of the 153 individuals in the audit, 119 were randomly selected, while the remaining number were added to the audit pursuant to Oklahoma Administrative Code 10:15-29-8. Ms. Walker commented that 16 individuals were a follow-up from the previous year's audit. She reported that 52% of the audit had been completed and that she had encountered a problem with 2 CPE providers' method of reporting self-study hours on certificates of completion but that the providers were cooperating in solving the situation.

Mr. Russell asked how these individuals audited were selected. Ms. Walker replied that the State Auditor's office was given a list of permit numbers. Mr. Russell asked if a random selection table had been used in this process. Ms. Walker replied in the affirmative. Mr. Johnson suggested that Ms. Walker explain to the audience why a CPE audit is conducted and she complied.

**Report from Delegates to the NASBA Annual Meeting:** Chairman Honea explained to the audience the purpose of NASBA. Chairman Honea reported that the Board's bylaws change proposal had not passed and then invited Board members to comment. Secretary Nickles commented that NASBA did not listen to state boards. Chairman Honea clarified that with a membership of 54 jurisdictions there are a lot of competing interests. Chairman Honea mentioned the CPA examination contract and how the CPA examination will be produced. He explained the facets of the contract being negotiated and that state boards are a third party beneficiary in the contract. Chairman Honea added that full computerization of the CPA/PA examination is scheduled for implementation by the November 2003 exam and that it will cost three or four times more than current cost.

Chairman Honea polled the audience of students to see if the cost would deter them from taking the CPA examination. Mr. Russell offered as points of clarification whether credit would be conditioned and the cost per section. Chairman Honea answered that candidates would not be required to take all 4 sections at the same time and that there would be a 3-month window for all 4 sections to be taken.

The Board fielded questions from the students in the audience about the computerized examination. Mr. Johnson offered as a point of clarification that once the computerized examination is taken the scores are sent to the Board and the Board awards the certificate based on the grades. Chairman Honea concurred that the Board will continue to have responsibility for the jurisdiction in Oklahoma as to who is certified as an Oklahoma CPA. He further noted that although the examination is psychometrically equivalent for all jurisdictions, it is not a national exam nor is it a national license or certificate but a state license or certificate. Chairman Honea addressed the absence of

essays in favor of research questions on the computerized examination and stated that essay questions should be on the examination to protect the public.

Chairman Honea commented that in accordance with the Oklahoma Accountancy Act the price for the computerized examination will be set by the state legislature. Mr. St. John questioned if the cost of the computerized examination was still under negotiation and if that was the reason for the delay in the boards getting the contract to review. Chairman Honea replied that the contract for the computerized examination had not been given to the boards and that the boards had been given approximately a 15-day window in which to review the contract before the NASBA meeting in Atlanta on January 9, 2002. Chairman Honea reported that representatives will go to the NASBA meeting to make an advisory vote to present to NASBA.

The Board continued to field questions from students in the audience about the format of the computerized examination and the 150-hour requirement. Chairman Honea commented that the 4 parts of the examination will be renamed. Mr. Johnson stated that based on the information from NASBA, the examination would remain a 2-day, 14-hour exam with 4 parts, but that everything was subject to change. Deputy Director Steele explained transitional conditioning between the current paper and pencil examination and the computerized examination. Deputy Director Steele added that the 150-hour rule would go into effect July 1, 2003. Chairman Honea stated that the requirement would be a Bachelor's Degree with emphasis in Accounting included in the 150-hour requirement. Mr. Johnson commented that this is a part of the current statute and all border states have the 150-hour requirement except Colorado. Vice Chairman Dugger referenced Oklahoma Administrative Code 10:15-7-2(g) for the benefit of members in the audience who wanted more information on the 150 hour rule.

**Mr. Johnson left the meeting.**

**Consider Adding Information Sheet Regarding OSBI Background Checks to Examination Application Packets:** Vice Chairman Dugger explained the questions on the application and the purpose of the information sheet. He stated that the Board conducts an OSBI check on all initial examination applicants.

**Mr. Johnson returned to the meeting.**

Vice Chairman Dugger explained the consequences when these questions are answered incorrectly and added that upon an applicant's passing of the CPA examination, a notation is kept in his/her file for a period of 5 years. He restated that the purpose of the information sheet was to make applicants aware of all the contingencies and remind applicants of their responsibility. Vice Chairman Dugger commented that he had worked on the information sheet with professors from Oklahoma State University.

**Mr. Nickles left the meeting.**

Chairman Honea explained the Vice Chairman's enforcement role on the Board. Chairman Honea stated that every question on the application is important and that the

questions should be answered accurately and completely. He referenced examples of previous cases. Mr. Russell asked for the Vice Chairman's recommendation. Vice Chairman Dugger recommended the inclusion of the information sheet in the examination application packet. Chairman Honea posed the question of whether the inclusion of these information sheets was a proper function of the Board on the basis of protecting the public or if it was instead protecting the individual from misreporting. He also recommended involvement of the OSCP and OSA in this matter. Vice Chairman Dugger agreed with Chairman Honea's concern, but added that some people misunderstand the questions on the application.

Russell moved to approve the Vice Chairman's recommendation to add the two sheets to the application; Johnson second. Unanimous affirmative vote.

#### **Mr. Nickles returned to the meeting.**

**Request for Lifting of Suspension – Brandon Tyler Jackson:** Mr. Jackson requested the suspension of his CPA certificate imposed on September 30, 2000 be lifted. Staff recommended approval of his request since he has now complied with all the requirements, including CPE, and all fees have been paid. Mr. Johnson asked for the Vice Chairman's recommendation. Vice Chairman Dugger recommended lifting the suspension.

Russell moved to reinstate his certificate; Nickles second. Unanimous affirmative vote.

Mr. Russell suggested that the Chairman explain the difference between a certificate and a permit for the benefit of those present at the meeting. Mr. Johnson added as a point of clarification that there is more involved than passing the examination, such as meeting the requirements set forth by statute.

#### **Consider Staff's Recommendation for Lease of New Copier:**

Russell moved to approve the lease of a new copier; Johnson second. Unanimous affirmative vote.

**Authorize Transfer of Property from Banking Commission and Surplus of Desk:** Mr. Russell asked if the property transfer had been approved by Cabinet Secretary, Pam Warren's office. Deputy Director Steele replied that notifying Surplus Property and Pam Warren's office was the responsibility of the Banking Commission.

Russell moved to approve transfer of property subject to proper approval by Cabinet Secretary, Pam Warren's office; Nickles second. Unanimous affirmative vote.

**Legislative Proposals by OSCP:** Chairman Honea invited Daryl Hill of the Oklahoma Society of Certified Public Accountants (OSCP) to make a report. Mr. Hill addressed the key areas of the Society's draft of legislative proposals. He explained

that an experience requirement was currently not in Oklahoma's statutes and proposed language from the OSCPA that would include a 1-year experience requirement before receiving a certificate. He added that the experience could be under the direct supervision of a CPA or PA in public practice or a CPA or PA working in industry and that experience in education or government would also count. Mr. Johnson clarified that an individual would not have to work directly for the CPA or PA, only that the experience must be verified by a registrant.

Mr. Hill addressed the issue of CPA firm ownership with the OSCPA, proposing that non-CPAs be allowed to be owners in a CPA firm provided such ownership does not exceed 49%. He expressed the opinion that the need for this is justified on the basis of the changing industry, globalization, technology, consulting, and management. He reported that currently 35 states allow non-CPA ownership.

Mr. Hill proposed a one-tier system in which all CPAs must meet the same requirements, although the language of the OSCPA's draft included the provision that the Board may, by rule, exempt requirements such as CPE.

Mr. Hill addressed substantial equivalency and that Oklahoma is lacking the 1-year experience requirement to make the state substantially equivalent. He commented on the problems encountered by CPAs when applying for reciprocity in Oklahoma when the state is not substantially equivalent.

Chairman Honea asked Mr. Hill if he was aware of any legislative proposals drafted by the Oklahoma Society of Accountants (OSA). Mr. Hill replied that the OSA needed to be asked about this. Chairman Honea closed this item by saying that it will be discussed in-depth at the next board meeting.

**Authorizing Small Group to Respond to Immediate Issues Regarding the CPA Examination Contract:** Chairman Honea explained that there will be approximately 15 days in which to review the contract for the computerized CPA examination before the NASBA meeting on January 9<sup>th</sup> and that due to the upcoming holiday season it would be unlikely the Board would be able to have a meeting to discuss the contract in an open forum. Chairman Honea asked the Board to allow himself, Vice Chairman Dugger, and Secretary Nickles to represent the Board as a quick strike force to respond on behalf of the Board and make decisions on behalf of the Board in this matter.

Russell moved to allow the Chairman to be authorized to appoint a committee to respond with the proviso that if there is sufficient time to convene an emergency board meeting, that such a meeting be convened; Johnson second the first part of the motion to appoint a committee.

Secretary Nickles asked how much notice is required for an emergency board meeting. Mr. Price replied that 48 hours notice must be given and that the meeting can only be held for the purpose of the emergency. Chairman Honea stated that there was a possibility of emergency meetings in December.

Mr. St. John asked for a point of clarification on the motion as to whether the request for an emergency meeting was included or not. Mr. Johnson disputed that issue as part of the motion. Mr. Russell stated that it was his intention for that issue to be part of the motion. Mr. St. John offered to second the motion to include this since Mr. Johnson left this part out in his second of the motion. Mr. Johnson consented to have the part about the emergency meeting be added to his second.

**Emergency New Business:** Deputy Director Steele reported that the Board had received a letter from NASBA confirming the meeting in Atlanta on January 9<sup>th</sup>.

Mr. Russell asked for a report on the security measures at the upcoming CPA examination. Deputy Director Steele replied that a mailing had been sent to the candidates and that metal detectors would be there for candidates and proctors to go through before entering the examination room. She commented that such items as backpacks and large purses will be disallowed into the examination room. Mr. Russell questioned what would happen if a candidate were to bring such items with them. Deputy Director Steele replied that the candidates can either take them back to their vehicles or they can leave them outside in the hallway at their own risk. She also commented that male and female armed officers had been hired for both examination sites. She referenced the special mailing which had been sent to all examination candidates requiring them to return a slip that said they would comply with the new security measures.

Chairman Honea stated that the Board had been concerned about security at the examination before September 11<sup>th</sup> and that security officers had been present at previous examinations. Mr. Johnson commented that the staff had visited with individuals at the Oklahoma City airport and Oklahoma City public schools about their use of metal detectors. He added that a thorough evaluation had been done on the process of using metal detectors. Deputy Director Steele commented that the staff had visited Becker review courses and talked with students about their concerns for security. Secretary Nickles asked if hand-held wands would also be used at the examination sites. Deputy Director Steele replied in the affirmative.

**Next Meeting Date Announced:** The next Board Meeting is scheduled for 8:30 a.m., November 16 at the Board office in Oklahoma City.

**Question and Answer Session:** Chairman Honea invited the guests to ask questions of the Board. Mr. Hill asked if the PAs intended to introduce legislation. Chairman Honea replied that the Board did not know.

**Executive Director Search Evaluation:**

Nickles moved to go into Executive Session; Johnson second.  
Unanimous affirmative votes.

Chairman Honea explained to the audience the purpose of Executive Sessions and expressed his appreciation for visitors' attendance.

Dugger moved to come out of Executive Session; Nickles second.  
Unanimous affirmative votes.

Mr. Price noted for the record that the Board discussed the Executive Director search as allowed by the Open Meeting Act and that the Board did not take any votes or other action.

**Certificates Cancelled by Registrants' Request:** CPA: Phillip L. Jimmerson, Certificate No. 9855-R, issued February 25, 1988. Reason for Cancellation: No longer practicing public accounting in Oklahoma.

**Deceased Registrant:** CPA: Kenneth Harry Lingle, Certificate No. 814-R issued July 25, 1950.

**Applications and Registrations Approved:** The Board took official notice of the following applications and registrations, which have been approved by the Deputy Director:

#### November 2001 Application Disapproval List

<u>Initial Applicants:</u>	<u>Reason for Disapproval Deputy Director</u>
Troyce Alexander	Document not submitted to satisfactory establish educational requirement
Nancy Cuff	Not a resident.
Joshua Mullins	Application received after filing deadline.
William Quaid	Denied by Board (Sept 28 meeting) – not a resident.
Christopher Turman	Application received after filing deadline.
Mark Widell	Not a resident.
Denise Webster	Application received after filing deadline and not a resident.
<u>Re-examinees:</u>	
Charyse Maher	Application received after filing deadline (remains active candidate)
John Crews	Application received after filing deadline (remains active candidate)
Joe Hughes	Application received after filing deadline (scheduled to be inactivated)

Applications Returned in Accordance with Board Policy:

Troyce Alexander	Initial; Application was a copy (appl rcvd 8/2).
Adam Baker	Initial; Degree not posted (appl rcvd 9/10).
Todd Barnhart	Initial: Withdrew.
Richard Douglass	Initial: Fee not enclosed (appl rcvd 8/28)
William Little	Initial; Official transcript not submitted (appl rcvd 9/5).
Dorothy McLaughlin	Initial: Transcripts not official (appl rcvd 8/8).
Greg Neas	Initial; Degree not posted (appl rcvd 9/10).
William Perry	Initial; fee not enclosed (appl rcvd 9/5).
Sonja Pritchard	Re-examinee; Fee not enclosed (appl rcvd 8/28).
William Quaid	Initial; Degree not posted (appl rcvd 9/10)

Applications Returned in Accordance with Board Policy:

Cory Richards	Initial; fee not enclosed (appl rcvd 8/15).
Vicki Vasser-Murray	Re-examinee; Fee not enclosed (appl rcvd 9/5).

Applications for Reciprocal CPA Certificates:

15219-R	John Michael Brady
15220-R	William Mueller Byerley
15221-R	Carol Mayo Cochran
15222-R	Clifford Mac Crockett
15223-R	Necia Anne Dexter
15224-R	Stacy Allyson Golovach
15225-R	Kenneth D. Hamby
15226-R	Jennifer J. Kennison
15227-R	Jeffry Shannon Lawlis
15228-R	Scott Franklin Lunsford

Applications for Reinstatement of CPA Certificates:

11833	Dennis Lee Meyers
13325	Brandon Tyler Jackson
13439-R	Tanra Eileen Mayes
14921-R	Brian P. Bentz

Initial Registrations of CPA Professional Corporations:

Bricktown Advisory Group, CPAS, P.C.  
Richard L. Hardway, CPA, P.C.  
Robert C. Morgan and Company, CPA'S, P.A.

Initial Registrations of CPA Professional Limited Liability Companies:

Denney & Baker Certified Public Accountants, P.L.L.C.  
Knol & Minney, PLLC

**Adjournment:** There being no further business to come before the Board, at 12:48 p.m. Chairman Honea called for a motion to adjourn.

Russell moved to adjourn the meeting; St. John second.  
Unanimous affirmative vote.

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Archer M. Honea, Chairman

ATTEST:

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James A. Nickles, Secretary

[ B L A N K ]