

OKLAHOMA ACCOUNTANCY BOARD**MINUTES OF MEETING**

February 27, 2004

The Oklahoma Accountancy Board convened in regular session on Friday, February 27, 2004 in the Robert S. Kerr Room in the Nigh University Center on the campus of the University of Central Oklahoma, Edmond, Oklahoma. Notice of the meeting was filed with the Secretary of State and the agenda for the meeting was posted in the reception area of the Board's office and outside the Robert S. Kerr Room 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:

Carlos E. Johnson, CPA, Chairman
J.H. Jay Engelbach, CPA, Vice Chairman
E.B. St. John, PA, Secretary
Tom Volturo, Representing the Public
James A. Nickles, CPA, Member
Janice L. Gray, CPA, Member

In attendance at the meeting: Edith Steele, Executive Director; Kelly Brown, Deputy Director; Barbara Walker, Donita Graves, Jim Shepherd, and Paulina Coffman, Board staff members. David Kinney, Assistant Attorney General and Special Prosecutor for the Board, Scott Voynich, Board Chairman of the American Institute of Certified Public Accountants (AICPA) and Will Avgerakis from the AICPA were also present. Daryl Hill, Tawni Corwin, Amy Welch and Rusty Hale, CPA, represented the Oklahoma Society of CPAs; Jim Nolen and Jamie Nolen-McElyea represented the Oklahoma Society of Accountants. Other visitors to the meeting were Dr. Katherine Terrell, Department Chair of the School of Accounting for the University of Central Oklahoma; Dr. Don Wells, Dr. Barbara Parrish, and Gayle Miles-Scott, Professors of the University of Central Oklahoma and students from the University of Central Oklahoma. Amber Esada from the Capital Network News was also present for relevant segments of the meeting.

Call To Order: At 9:11 a.m. Chairman Johnson called the meeting to order and declared a quorum present. He noted the absence of Member Dugger and declared that it was excused. At his request, Executive Director Steele read the names of the visitors present.

Chairman's Opening Comments: Chairman Johnson welcomed the students and recognized the faculty of the University of Central Oklahoma. He explained the Board's role in protecting the public and serving its registrants for the benefit of the students present. He allowed the members of the Board to introduce themselves. He introduced the Board staff. Chairman Johnson introduced Scott Voynich, Board Chairman of the AICPA and noted that a reception had been held in his honor the previous night attended by faculty from local colleges. Chairman Johnson introduced Will Avgerakis from the AICPA, who was taping the Board Meeting and last night's reception for a "Day in the Life of the Chairman" segment.

Public Comment Period: Chairman Johnson recognized Dr. Katherine Terrell, Chair of the Accounting Department for the University of Central Oklahoma. She expressed her appreciation for the Board holding its meeting on the campus. Chairman Johnson expressed appreciation to Dr. Terrell, the officers and the faculty of the University of Central Oklahoma for their hospitality.

Chairman Johnson also recognized Mr. Jim Nolen from the Oklahoma Society of Accountants (OSA). Mr. Nolen expressed appreciation for the Board representatives meeting with representatives from the OSA to reach a compromise on SB 1488.

Chairman Johnson recognized Mr. Daryl Hill from the Oklahoma Society of CPAs (OSCPA). Mr. Hill stated that he was pleased that the OSCPAs could be a part of the reception held for Mr. Voynich and expressed appreciation for Mr. Voynich's visit to Oklahoma.

Consent Agenda: The Consent Agenda contained 2 items for the Board's consideration: (1) Approve the minutes of the January 23, 2004 Board meeting; (2) Ratify actions taken by the Executive Director on applications and registrations filed since the previous meeting.

St. John moved to accept the Consent Agenda as written; Engelbach second. Affirmative votes: Gray, Volturo, Johnson, Engelbach, and St. John. Nickles abstained from voting on the minutes since he was not present at the January 23, 2004 meeting.

Administrative Actions Taken: Vice Chairman Engelbach presented a written summary of investigative files and administrative actions taken, with recommendations for the disposition of each.

Case No. 1573 – Unregistered Firm

A registrant reported that he was practicing public accounting in Oklahoma under an unregistered firm name. After unsuccessful attempts by staff, the Assistant Attorney General was authorized to issue a Cease and Desist letter. The firm is now properly registered with the Board. An Administrative Consent Order is being offered to the Board in this case which provides for a fine assessed at \$300.

Engelbach moved to accept the Administrative Consent Order presented; Nickles second. Unanimous affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John and Nickles.

For the benefit of the students present, Chairman Johnson explained the purpose of administrative actions and the function of the Board's Administrative Law Judge, in addition to the Executive Director, the Vice Chairman and the Board's enforcement committee's roles in the enforcement process. At the direction of the Chairman,

Assistant Attorney General Kinney explained the Administrative Procedures Act. Chairman Johnson explained the hearing process to the students and emphasized truthfulness in answering the moral questions on the application to sit for the CPA examination.

Take Official Notice of CPA Examination Review Board's Report on the Grading of the November 2003 Examination: Executive Director Steele noted that the Board had received the grade report signed by the Chairman of the CPA Examination Review Board of NASBA since the Board's prior meeting in January. At the direction of the Chairman, Ms. Steele explained the National Association of State Boards of Accountancy (NASBA)'s role in ensuring the CPA examination is administered properly and securely through site visits and reviews of the grading process. She added that the AICPA and NASBA work jointly on many issues facing the profession, such as the Sarbanes-Oxley Act.

Chairman Johnson stated that the Oklahoma Accountancy Act and its rules are available on the Board's website. Ms. Steele commented that information regarding the computer-based CPA examination and relevant links are also available. She added that applications for the examination can be filed online. Chairman Johnson urged students to visit the Board's website.

Volturo moved to accept the Examination Review Board's report; Gray second. Unanimous affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John and Nickles.

Discuss and Act on Proposed Policy for Certificate Issuance Date: For the benefit of the students present, Ms. Graves, the Board's Registration Coordinator, explained the registration process regarding individuals applying for reciprocity, reinstatement, and firms. Chairman Johnson recommended dating the certificate and the permit the date the application was filed. Executive Director Steele added that the permit and certificate would not be issued until after the Board meeting. Ms. Gray raised the question of how the proposed policy would affect those applying under the substantial equivalency provision. Chairman Johnson stated that those applying under the substantial equivalency provision would not be affected. Chairman Johnson explained substantial equivalency for the benefit of the students present. Mr. Nickles raised the question of whether annual permit renewals would be affected. Chairman Johnson responded that the proposed policy would not affect annual permit renewals.

Mr. Nickles suggested that the date should be the date on which the application is approved. Ms. Steele stated that the rules require that the permit bear the date on which the application is filed. Mr. Volturo questioned whether the proposed policy as amended would necessitate a change in the Board's rules. Ms. Steele replied that it would not. Mr. Hill, representing the OSCP, raised the issue of when an applicant could begin holding out. Chairman Johnson explained that the application date validates the applicant's activity from the date of application until the date of approval. Mr. Hill asked if the proposed policy extended to a new CPA who had passed the examination. Chairman Johnson replied that it did not.

Engelbach moved to adopt the proposed policy that the issuing of permits and certificates be dated the date of the application and issued after approval; Nickles second. Unanimous affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John and Nickles.

Policy for Consistency in the Dating of Permits, Certificates, Licenses, and Approvals

- Rule 10:15-25-2(a) provides that a permit is to be dated based on the date the application is received in the Board office.
- Applications for reciprocity and reinstatement are processed by the Registration Coordinator and then forwarded to the Executive Director for review and approval. Upon approval by the Executive Director, these applications are placed upon a Registration Activity List presented to the Board at its next scheduled meeting. Upon Board approval, the reciprocal certificates will bear the date the application was filed with the Board. The applicant is not notified of approval nor is the certificate or permit issued until after the Board meeting.
- Upon Board approval, reinstatement applications will bear the date the application was filed with the Board. The applicant is not notified of approval nor is the permit issued until after the Board meeting.
- Initial firm applications are processed by the Registration Coordinator and then forwarded to the Executive Director for review and approval. Upon approval by the Executive Director, these applications are placed upon a Registration Activity List presented to the Board at its next scheduled meeting. Upon Board approval, the firm's permit will bear the date on which the initial firm application was filed with the Board. The firm is not notified of approval or issued a permit until after the Board meeting.
- Notification forms for substantial equivalency are initially processed by the Registration Coordinator and then forwarded to the Executive Director for review and approval. Upon approval by the Executive Director, these notifications are placed upon a Registration Activity List to be presented to the Board at its next scheduled meeting. Upon Board approval, those who have submitted a notification form for substantial equivalency are notified in writing that they have been approved.

Presentation by Scott Voynich: AICPA Board Chairman Scott Voynich made a presentation about recent developments within the American Institute of CPAs. He explained the purposes of the Center for Public Company Audit Firms, among which is to provide a voice to the Public Company Accounting Oversight Board (PCAOB). He stated that the Big Four firms perform audits on 78% of public companies which are registrants of the SEC. He addressed the membership composition within the AICPA

and noted that 80% of all CPAs in the United States are members of the AICPA. He explained the background behind the creation of the AICPA's Institute of Fraud Studies and its development of programs to prevent fraud in addition to offering training in the corporate world for audit committees and boards. He commented that the AICPA and the FBI are working jointly in the area of fraud prevention.

Chairman Voynich stated that the AICPA is working in conjunction with the PCAOB and the General Accounting Office (GAO) toward the development of uniform accounting and auditing standards for all countries worldwide by 2005. He explained the purpose and function of the AICPA's Center for Audit Committee Effectiveness. He addressed recent amendments to the AICPA's bylaws. He commented on the automatic sanctions that can be imposed upon a member who has violated regulations of the SEC, the PCAOB, and certain regulations of the IRS and the appeals process. He commented that the bylaw amendments will allow the results of ethics investigations of a member be made available to the public.

Chairman Voynich reported on the establishment of the AICPA's Audit Quality Center for Employee Benefit Plans and the Audit Center for Governmental Audits. He commented that the Assistant Secretary of Labor was in favor of its creation. He addressed the issue of financial planning and information technology accreditations being beneficial to the accounting profession. He stated that a task force had been created by the AICPA to consider requiring companies to include a disclosure to its clients that the company outsources its financial work internationally and nationwide.

Chairman Voynich explained the AICPA's student recruitment program and added that student enrollment has increased 7% over the past two years. He stated that the computer-based examination is on budget and on time. He commented that student feedback on the pilot testing had been excellent.

Chairman Voynich stated that according to a Gallup Poll, the image of the accounting profession has recovered more in the past year than any of the other ranked professions and that the accounting profession is within 2 points of ranking the highest it ever has, which had been two years ago. He emphasized integrity, objectivity and competence for those in the accounting profession.

Chairman Voynich fielded questions from the audience. Secretary St. John asked whether problems had been encountered in the pre-testing sessions of the computer-based examination. Chairman Voynich responded that there had been minor problems and added that Prometric is very qualified to administer the CPA examination.

Report on the Status of Introduced Legislation – Sunset Bills (HB2096, HB2097, and SB0864); HB1494, HB1829 and SB1488: Chairman Johnson reported that the House Sunset Bills have been through committee and passed on the House floor. He added that the Senate Sunset Bill has been through committee and passed out of committee but has not reached the Senate floor. He reported that HB1494 and HB1829 had been withdrawn by the OSA and were not heard by committee. He stated that SB1488 is supported by the Oklahoma Accountancy Board, the OSCPA and the OSA.

He added that the bill had passed the Senate 43-0. He acknowledged awareness of shell bills which might affect the Oklahoma Accountancy Act.

Reports from the NASBA Administrator's, CPE and Legal Counsel Conferences:

Secretary St. John referenced the report prepared by the Board's CPE Coordinator, Barbara Walker. Ms. Walker reported that 23 jurisdictions had adopted the joint NASBA/AICPA CPE standards. Secretary St. John commented that NASBA was developing a uniform ethics course. Ms. Gray noted that she is on the education joint committee of the AICPA and NASBA and that she may be bringing some feedback from the committee to future Board meetings.

At the request of Chairman Johnson, reports from the Executive Director and Assistant Attorney General regarding the conference will be deferred to the next scheduled Board meeting.

Discuss and Act on Changes to the Board's Semi-Annual Presentation Ceremony:

Executive Director Steele posed the question of whether the Board should invite the successful candidates who have not met the one-year experience requirement to the presentation ceremony in May. She explained that according to an informal, hand-raising poll she conducted and one that a Becker review course conducted, an overwhelming majority of individuals wished to be recognized at the time of passing the examination. She commented that most states do not hold presentation ceremonies for their new CPAs. Chairman Johnson stated that Texas and Missouri hold a ceremony.

Mr. Nickles maintained that the ceremony is for CPAs. Ms. Gray raised concerns about the public's perception of the event. Mr. Nickles emphasized that if there are two groups attending the ceremony, these groups must be differentiated in some manner that is understood by all present that there are those who have received their CPA certificate and those who have not yet met the additional requirements.

Gray moved to allow those who have passed the CPA examination to attend the ceremony but those who have not completed all the requirements for the certificate must be differentiated in the announcements at the ceremony and will be issued their certificates upon completion of the requirements; Nickles second. Unanimous affirmative votes: Gray, Volturo, Johnson, Engelbach, St. John and Nickles.

Next Meeting Date Announced: The next Board Meeting is scheduled for 9:00 a.m., March 19, 2004 in the conference room at the Spirit Bank in Bristow, Oklahoma.

Deceased Registrant: CPA: Robert Chumbley, Certificate No. 13280, issued January 29, 1996

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

Applications for Reciprocal Certificates:

Karin L. Eagle
 Tina L. Garner
 Douglas D. Hawkes
 Rowena Hosch
 Max Scott Lieberenz
 Rachelle Lyn Ragland
 Mark Andrew Towery
 Michael Wennerman Weiss
 Shelley Renea Winter

Applications for Substantial Equivalency:

Julee Anne Fox (Missouri)
 Steven Gregory Griffin (Illinois)
 Kevin Don Smith (Texas)

Applications for Reinstatement of CPA Certificates:

14467	Jason B. Adkins
14591	Damon Alan Willis
15369-R	Michael Gallagher

Initial Registration of a CPA Limited Liability Partnership:

Stovall, Grandey & Whatley, L.L.P. (Texas)

Initial Registration of CPA Professional Corporations:

Casey & Rouse, P.C.
 David H. Mahone Inc., PC
 Jones & Runnels, PC
 Moose & Stewart, CPA's P.C.
 Ronald L. Hall, CPA, P.C.
 Stamper Tax Consulting, Inc., P.C.

Initial Registrations of CPA Professional Limited Liability Companies:

SalmonBeach & Associates, PLLC (Texas)
 Vicki K. Holdridge, CPA, PLLC

Adjournment: There being no further business to come before the Board, at 11:40 a.m. Chairman Johnson called for a motion to adjourn.

Nickles moved to adjourn the meeting; St. John second.
 Unanimous affirmative votes: Gray, Volturo, Johnson,
 Engelbach, St. John and Nickles.

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Carlos E. Johnson, Chairman

ATTEST:

E. B. St. John, Secretary